FBIS DAILY REPORT

CONTENTS

Latin America

Vol VI No 038 26 February 1987

INTER-AMERICAN AFFAIRS

Leaders Arrive for 21 Feb COPPPAL Conference A 1
Nicaragua's Borge News Conference [EFE] A 1
Borge on National Situation [Lima] A 2
Meeting Opens [Lima TV] A 2

ARGENTINA

Economy Minister Sourrouille Announces Measures B 1
Jeep Production To Replace Light Tank [BUENOS AIRES HERALD 19 Feb] B 7
Further on Full Stop Law, Military Trials B 8
5 Generals, Others To Stand Trial [BUENOS AIRES HERALD 20 Feb] B 8
Further Report [BUENOS AIRES HERALD 21 Feb] B 9
Deadline Expires 22 Feb [BUENOS AIRES HERALD 22 Feb] B 11
Jaunarena, Army Chief Meet [BUENOS AIRES HERALD 23 Feb] B 12
6 Admirals Ordered Arrested B 14
Navy Presents Admirals B 14
Defense Secretary Comments B 14
Navy To Support Accused B 15
'Institutional Threat' Denied B 15

BOLIVIA

Joint U.S. Military Maneuvers To Begin in May [AFP] C 1
Court Orders Reopening of Huanchaca Case [EFE] C 1
Briefs: 1986 Trade Balance C 1

BRAZIL

Debt Negotiators Will Seek Improved Terms D 1
[O ESTADO DE SAO PAULO 24 Feb]
Talks Postponed; Banks Federalized [EFE] D 1
Funaro, Argentina's Brodersohn Discuss Economy D 2
National, Foreign Officials View Debt Decision D 2
Creation of Strong Economic Ministry Proposed D 4
Arms Purchases From Israel Reportedly Small [O GLOBO 19 Feb] D 4
Briefs: Dominican Ambassador Presents Credentials; D 4
PETROBRAS Subsidiary Projects Abroad

CHILE

Government To Avoid Confrontation With Banks [AFP] E 1
Pinochet Explains New Electoral Registration E 2
Army Reports New Evidence in Torching Case E 2

COLOMBIA

Supreme Court Refuses To Rule on Extradition Request F 1
Guerrillas Attack Venezuelan, Peruvian Border Posts F 1
FARC Proposes Formation of Coalition Government F 1
Radio Commentator Shot in Caqueta Department F 2
Patriotic Unity To Urge Debt Moratorium F 2
Briefs: Parties Elect New Presidents F 2

ECUADOR

Foreign Debt Capitalization Process To Begin G 1
Commander of Base Where Febres Held Replaced [EFE] G 1
Court Frees Kidnap Mediator G 1

PARAGUAY

Radio Nanduti's Rubin Prevented From Leaving Country [HOY 21 Feb] H 1
Further on Opposition Meeting in Madrid [EFE] H 1

PERU

Garcia on Gas Discovery, Foreign Debt Issue J 1
Street Riots Follow Student Rally in Lima [EFE] J 4
Guatemalan President Makes Short Visit 22 Feb [EFE] J 5
Colombian M-19 Guerrillas Attack Border Post [AFP] J 6
Decision To Purchase INTELSAT Equipment Criticized J 7
Briefs: Hard Currency Reserves J 7

VENEZUELA

Lusinchi Contacts Alfonsin, Sarney on Debt L 1
Ambassador Terms Relations With Guyana 'Good' L 1
[Bridgetown CANA]

MEXICO

Attorney General on Antidrug Campaign With U.S. M 1
President Addresses Regional Leaders at Meeting M 2
Briefs: Cocaine Seized; Drugs, Traffickers Seized; M 2
Marijuana Plantations Destroyed

PANAMA

Torrijos Foundations' 'Statement to the Nation' N 1
[LA REPUBLICA 20 Feb]
PRD President Accuses U.S. of Bank Intervention N 2

CENTRAL AMERICA

COSTA RICA

Madrigal Comments on Nicaraguan Protest Note P 1
Editorial Criticizes AID, IMF Requirements P 1
[LIBERTAD REVOLUCIONARIA 13-19 Feb]

EL SALVADOR

Church Declines Mediator Role in Forum P 2
Rosa Chavez on 'National Debate' P 3
FMLN Reportedly Sabotages Various Electric Towers P 4
[Venceremos]
FMLN Denies Transportation Stoppage Announcement P 5
[Venceremos]

GUATEMALA

Soviet Ambassador to Costa Rica Arrives on Visit P 5
President Cerezo Comments on Regional Issues P 5
[Madrid DIARIO 16 16 Feb]
New Defense Staff Chief Denies Contra Link P 7
[AFP]

HONDURAS

Azcona, Habib Discuss Costa Rican Peace Plan P 7
Foreign Minister on Meeting P 8

NICARAGUA

Opposition Leaders Meet Habib in Costa Rica P 9
[DPA]
Tunnerman Discusses U.S. Aid to Contras P 10
Calderon Displays Seized Contra Materiel P 11
[BARRICADA 23 Feb]

CUBA

U.S. 'Focus' on Cuba 'To Distract' From 'Crisis' Q 1
Habib's Central America Tour Exclusions Noted Q 1
Castro Comments on Drug Trafficking, Guerrillas Q 1
[Bogota]
Further Castro Comment on Brazilian Moratorium Q 2
Castro Receives Ecuadoran Commemorative Medal Q 5
CDR Chief Visits GDR, Leaves for Libya Q 5
Report on Official Talks With Peru's Alan Wagner Q 5
Havana on Division in Contra Leadership Q 6
Commentary on Salvadoran 'Rejection' of War Taxes Q 6
Havana on Upcoming Nonaligned Movement Meeting Q 7
Briefs: Mexican Science Agreement Q 8

DOMINICAN REPUBLIC

Bank Governor: Debt Moratorium To Be Adopted [AFP] R 1
Foreign Secretariat on Brazilian Decision R 1

CARIBBEAN

GRENADA

Prime Minister Blaize Views Economic Growth S 1
NNP Parliamentarians Reaffirm Support for Blaize S 2

HAITI

Constituent Assembly Issues Electoral Rules S 3
[AFP]

JAMAICA

Seaga Reports Budget Figures, Expects Surplus S 4

SURINAME

Brunswijk Gang Makes Bitagron Area 'Unsafe' U 1
Prime Minister Meets With Student Leaders U 1
Netherlands Paper on Unrest, Economic Scene U 1
[Amsterdam DE VOLKSKRANT 21 Feb]

LEADERS ARRIVE FOR 21 FEB COPPPAL CONFERENCE

Nicaragua's Borge News Conference

PY201552 Madrid EFE in Spanish 0426 GMT 20 Feb 87

[Text] Lima, 19 Feb (EFE) -- Sandinist Commander Tomas Borge today said that Adolfo Calero's decision to leave the UNO [Nicaraguan Opposition Union] "is a clumsy story that serves to improve the appearance of the Contras," adding that it is "irrelevant" because he continues to be the chief of the FDN [Nicaraguan Democratic Force].

During a news conference in Lima, Borge said that Calero's decision "reflects the degree of corruption within the Contras and in the U.S. policy" in Nicaragua.

The Nicaraguan interior minister arrived at the Peruvian capital yesterday at the invitation of the government of Alan Garcia, to attend the Latin American political party conference, which is scheduled to begin in Lima tomorrow. The conference will be attended by delegates from a dozen countries.

Borge and President Garcia today analyzed the Central American situation and the prospects for a settlement after the "failure" of the San Jose de Costa Rica meeting, which was attended by all Central American presidents except for the Nicaraguan chief of state, who was not invited.

Borge pointed out that the result of the San Jose meeting "shows that Nicaragua is not the cause of the disagreements," because the only thing agreed upon was to call a new meeting with the presence of the Nicaraguan president. He reiterated that the Sandinist Government has agreed to attend the next Central American "summit," which will be held in Esquipulas (Guatemala) in less than 90 days. "At that meeting, we will outline the essential preconditions which include the end of the U.S. terrorist policy, a bilateral Nicaraguan-U.S. dialogue, and open support for the Contadora Group peace efforts," he stated. Borge added that now the risk of an invasion "has on the one hand reduced, although on the other it has increased." It has been reduced because the contras are being militarily defeated and because U.S. policy is confronting a crisis following the "Irangate" scandal, and increased because "the aggressiveness has increased."

"Nicaragua does not border to the north and south with Honduras and Costa Rica but with the United States. The U.S. Fleet is east and west of our country, while our territory is constantly scanned by U.S. spy planes," Borge remarked.

Concerning the Nicaraguan domestic situation, Borge stressed that the relations with the church have improved; he justified the suspension of some articles of the Constitution "because we are at war with the most powerful country in the world."

According to Borge, the war has left 37,000 dead and injured, it has cost over $3.5 billion, and it has forced Nicaragua to earmark half its budget for defense purposes. The Nicaraguan interior minister concluded by saying that Nicaragua is not training and has never trained foreign guerrillas. "We will never agree to train guerrillas. Whoever wants to engage in guerrilla warfare should do it in his own country," he noted. Borge avoided speaking about Peruvian affairs or Peruvian policy "out of respect for a friendly country and a friendly government."

Borge on National Situation

PY201556 Lima Radio del Pacifico in Spanish 1300 GMT 20 Feb 87

[Text] Upon his depature from Government House, Nicaraguan Interior Minister Tomas Borge yesterday said that the neutralization of U.S. policy, the support of Latin American countries, and the wisdom of government leaders will make the achievement of peace in Central America more feasible.

Borge said that these three factors are indispensable to eradicate any threat and achieve a long-lasting peace that will allow our nations to develop. Regarding the achievement of peace in Nicaragua, Borge said that this objective is increasingly near and yet it is increasingly distant. He said that although this is contradictory, Nicaragua is confronting this particular situation in which on the one hand the counterrevolution is being defeated, which dissipates the possibility of an intervention, while on the other, the United States is going through a crisis which increases the possibility of a U.S. intervention.

Borge added that Nicaragua's situation is improving and that the recently-approved Constitution is fully enforced except for some guarantees which have been curtailed because of the implementation of the state of emergency.

The Nicaraguan interior minister said that there is restricted freedom of the press. He added that in view of the state of emergency there is prior censorship on the press.

Meeting Opens

PY211445 Lima Television Peruana in Spanish 0100 GMT 21 Feb 87

[Text] Romulo Escobar, leader of Panama's Democratic Revolutionary party and president of the Permanent Conference of Latin American Political Parties [COPPAL], today called for the unity of Latin American nations to confront imperialism.

Romulo Escobar made this statement during the opening ceremony of the 11th COPPPAL meeting which honored Peruvian President Alan Garcia and Peruvian senators Armando Villanueva del Campo and Ramiro Piales.

Moreover, Peruvian Senator Armando Villanueva del Campo, who is chairman of the Peruvian Senate permanent commission, suggested that COPPPAL should become the promoter of justice and freedom.

Speaking today at the opening ceremony of the 11th COPPPAL conference being held at the Crillon Hotel in Lima, APRA [American Popular Revolutionary Alliance] Secretary General Armando Villanueva said that COPPPAL must become a dynamic organization that groups all popular forces that pursue the same objectives.

Among the well-known politicians attending this conference are Nicaraguan Interior Minister Tomas Borge and Chilean exiles Anselmo Sule, Clodomiro Almeyda, and German Correa.

Delegates from 30 political parties are attending this 2-day conference which will discuss the most serious problems presently affecting Latin American countries. They will discuss the foreign debt issue, the achievement of peace in Central America, the effect of terrorism in the Americas, neocolonialism, and self-determination of Latin American countries.

ECONOMY MINISTER SOURROUILLE ANNOUNCES MEASURES

PY260139 Buenos Aires Argentina Televisora Color Network in Spanish 2330 GMT 25 Feb 87

[Address to the nation by Economy Minister Juan Sourrouille from Buenos Aires on 25 February -- recorded]

[Text] Good evening.

I want to tell you that, after analyzing the evolution of prices over the last 2 months and after evaluating the impact of increased inflation on the ongoing economic reactivation and on the buying power of the population, the government has decided to freeze prices and salaries effective tomorrow. Before we dwell on the details of the adopted decision, I want to bring up a topic that cannot and must not be sidestepped. It refers to what prompted us to institute a freeze -- which is an extreme measure -- 20 months after this measure was successfully applied for the first time.

As we know, the combined action of the Austral Plan and your efforts have made it possible to curb, as of June 1985, the inflationary spiral that was threatening to destabilize our economic and political affairs. With monthly price increases in the order of 30 percent, the country was then sliding toward an annual inflation of 1,000 percent. Thanks to our common effort, the danger of hyperinflation has been averted. But we accomplished much more than that: We managed to change the recessionary situation in which the country lay. Shortly after the anti-inflationary program was installed, the economic indicators started to change and the drastic decline in inflation strengthened the purchasing power of the population. This, in turn, was reflected by a greater demand which reactivated economic activity.

A year and half later, by December 1986, the results, on balance, were positive: The GDP rose by 5.5 percent; industrial production increased by 13 percent; investments in machinery and equipment went up for the first time in a long period; and the unemployment rate started to decline. Putting this in a different way, these results tell us that enterprises were utilizing their installed capacity more fully in the wake of rising demand for their products; that they replenished their production capital; and that they have created new jobs.

However, those advances are taking place in a country suffering strong aggression against their agricultural goods in the international markets, and is suffering the consequences of the distortions caused by long years of stagnation, speculation, and indebtedness. It has not yet been possible to recover the loss of well-being by this country's inhabitants. The difficulties raised by this impossible situation explain the fact that the complaints and demands from various sectors are making newspaper headlines, thus sometimes masking the achievements already made.

The achievements we have made in spite of great limitations can be summarized; today our inflation rate is lower than at any time in the past 12 years; the purchasing power of salaries has been strengthened; the production slump was turned around; and the conflicts inherent in our kind of society have been prudently and responsibly handled without incurring monetary and fiscal excesses and without making unexpected and massive changes in relative prices. Altogether, the efforts we have made have borne fruits, despite the fact that some sectorial situations are still a matter of concern to us. Offsetting the negative picture that some depict to serve their own purposes, the results of the policy implemented since June 1985 have been positive.

To answer those biased and negative reports some people insist on spreading, we believe that an objective study of what has been done since June 1985 will yield a positive result.

This does not mean we are entirely satisfied. How could we be if we have merely stopped the downhill race of recession and economic deterioration? How could we be if despite the progress, we have merely achieved past levels of economic activity? When compared to more prosperous periods, national economic figures show that the present production percentage is similar to that of 15 years ago.

Although we achieved some progress in the last 20 months, we were only able to achieve the same economic levels that prevailed in the country before it was burdened by the economic crisis brought on by economic stagnation and the foreign debt.

How can we be satisfied if we are currently experiencing a transition period in which all our efforts are concentrated on recovering that which has been lost, while there is still so much to be done to truly achieve economic development?

It is because of all this that I want to again discuss the inflation issue. I think the majority of Argentines are currently aware of one thing: If we are to be successful in the present economic transition period, we must consolidate economic stability.

In this regard, the Austral Plan has made an undeniable contribution by drastically curbing the inflation rate. During the first 9 months the plan was in effect, while the freeze on prices and salaries prevailed, the monthly inflation rate was about 2 percent; but because we did not achieve a zero inflation rate during this 9-month period, we were compelled to readjust the economy so as to avoid unwanted delays in the development of the economic program.

This new stage of economic flexibility, characterized by the implementation of government-established readjustments for salaries and prices, gradually increased the inflation rate. Little by little, we were experiencing 5-percent monthly price readjustments.

What happens in a situation like this? What we witnessed is a familiar phenomenon. Whenever there is an increase in prices which has a great impact in economic indexes, either because of temporary causes or because one sector wants to have more advantages than the others, there is a hike in the inflation rate. As a result of this, efforts to achieve economic stability are undermined because of the natural reaction of the other economic sectors, which strive not to be left behind. In view of this, these sectors also exert pressure to achieve a readjustment of their own income either through a price increase or through salary increases. This promotes an economic acceleration process that raises the inflation rate on a monthly basis.

This pressure to increase the inflation rate is stronger when the supply does not match the increased demand; and it is even stronger when there are more individual efforts to obtain advantages.

In sum, this is the mechanism through which the inflation rate increased from 3 to 5 percent, from 5 to 8 percent, and so on.

It is obvious that this mechanism must be deactivated, because very soon it will end up harming everyone by reducing real salaries, holding up reactivation, and affecting the balance of public accounts.

The government cannot adopt a passive attitude because it would thus jeopardize the objectives of stability and growth, and the aspirations for wellbeing of all Argentines.

Now, how can we deactivate this accelerated inflation process? One alternative has been proposed by those who suscribe to the monetary and fiscal policies [ortodoxia monetaria]. They claim that the government must not try to regulate the economy; that it must liberate prices and salaries; and that through the Central Bank it must reduce the money supply and increase interest rates in order to contain the pressures from the different sectors.

The result of this strategy is well known. The country has endured it many times. It is called recession. Through the sudden drop of activity, those who suscribe to the monetary and fiscal policies seek to persuade the enterprises not to increase their prices, and to persuade the workers to worry more about protecting their jobs than increasing their salaries.

The attack on inflation through recession and the reduction of real salaries is not part of the strategy adopted by this democratic government. It was not the policy adopted in June 1985, and it is not our policy today.

Therefore, in view of the increase in the inflation rate during the first 2 months of this year, and of the consequences it could have in the immediate future, the national government has decided to freeze prices and salaries. This is, of course, an emergency measure and seeks only to deactivate the general price indexation mechanism.

The main causes of inflation lie in the distortion that exists in the Argentine economic structure, and in the imbalances of state finances. To overcome these distortions is the objective of the structural reform policy we are implementing.

In this sector, the main work is about to be done, including that which has to do with our own awareness of the national crisis. Perhaps it was our fault for not being sufficiently clear about it. But today I want to point out that neither the inflationary tendencies nor the low economic growth rate can be corrected with quick magic formulas.

Inflation and stagnation are not the results of isolated and fortuitous episodes. They reflect the effects of a long-standing structural crisis. What we Argentines experience in each inflationary process and in every dollar-buying rush is definitely the crisis of a closed economy, and of a state overburdened with different activities.

Perhaps this development model could have been adequate in another stage of Argentine history. Today it is an anachronistic structure which refuses to disappear and which leads to the exaggeration of speculation, and to a resolute defense of sectorial interests.

The national government's structural reforms policy seeks precisely to change this state of being, which in fact restricts the aspiration for progress and well-being of the Argentines.

We have already taken firm steps within a strategy which seeks to compliment our domestic market development with the integration of our national economy with the rest of the world. Our industry's openings for exportation, and the economic cooperation agreements with Brazil are an example of this. Within the framework of these agreements, and within the conditions of a growing and balanced trade, we can today announce that an automatic permission system will be established for Brazilian-made products for their eventual exportation from our country.

The modernization of our industrial sector is another essential component of the more open economy we seek. With the purpose of promoting investments in this sector, we have adopted three other measures:

First, import duties on capital assets not manufactured in the country have been reduced to zero, save for the exceptions specified in the integration agreements.

Second, within the framework of the industrial promotion law, the capital goods that are not available in the country -- and which, by their importation, will improve the efficiency and capacity of our domestic supply -- will be exempted from import taxes.

Finally, appropriate credit lines will be created for investments in the field of advanced technology in order to modernize our national machinery and equipment industry.

Another step in our reform policy is our state reorganization, which is already under way. A new employment and salary regime has been established in the central administration which will improve employee status and reduce personnel by 20 percent over 3 years.

The public enterprises directorate, which was recently created, has already started operating and it is implementing a systematic study to prevent state companies from remaining closed and inefficient appendixes of the state.

An important chapter of the reorganization of state activities is the encouragement given to the private sector to participate in the oil industry, within the Houston Plan.

Regarding this subject, I want to announce today the signing of the exploration contracts for the Rawson Sea Basin. The contracts were signed by YPF [Argentine Government Oil Deposits] and ESSO Company.

The needs of national growth have long been hindered by the absence of a long-term capital market. The absence of this market is closely connected with the inflationary tendencies of our national economy and the resulting proliferation of speculation.

As we have said, the struggle against inflation is a real structural reform on which we must insist to recreate growth conditions. Without overlooking this task, a few weeks ago the national government adopted concrete measures to generate a capital market.

To this we can add that the Central Bank today approved the notices by which it authorizes the financial entities to increase their operations by issuing government bonds.

We should submit that the policy of structural reforms has not had the impetus that the crisis now demands. It is our intention to put more energy into this policy, but it should be made clear that to do this we need a more tranquil environment with less uncertainty which is the one thing that provokes the acceleration of inflation. This is another reason why we decided to freeze prices and salaries.

The economic measures we are putting into practice today are: a price freeze, which will go into effect at 0000 on 26 February. The prices that will be used are those that were in effect at 0000 on 23 February. The measure will virtually affect all commodities. This will affect those who produce, distribute, or sell them. The prices of all services will also be frozen.

The Secretariat for Domestic Trade will establish the norms to regulate the freeze policy. Seasonal goods such as fruits and vegetables will be under a special control which will give consumers price guides and other mechamisms to correct short-range imbalances between supply and demand.

Any violators of the freeze will be harshly punished in accordance with the Supply Law. The Secretariat of Internal Commerce will use the necessary resources for that purpose and will coordinate its actions with others areas of the government to ensure the success of this operation. However, we know that only through the unified participation of business and consumers will the real success of the price freeze be insured.

In order to compensate for the deterioration of salaries caused by the price increases in January and February it has been decided that there will be a readjustment on 1 March. This readjustment will be implemented in two ways: In the case of the salary agreements approved by the government for the private and public sector, the readjustment will be implemented taking into account the difference between the upper level of the salary increase granted for the first quarter -- that is, 11 percent -- and the average of the variations of the consumer price index and the wholesale price index of nonagricultural products for the first 6 months.

In the case of the salaries of the public sector, which are not subject to collective bargaining, the salary readjustment will be implemented taking into account the difference between the 9-percent salary increase for the first quarter, the average variations of the consumer price index, and the wholesale price index of nonagricultural products for the first 6 months. These readjusted salaries will remain frozen until 30 June. On 1 July we will return to the mechanism of direct salary negotiations established by the government. The concrete rules for the negotiations will be announced around 15 May and will take into account the general state of the economy and the laws prevailing at that time.

I would also like to point out that the policy of strengthening the buying power of salaries of the public administration announced late last year will be continued.

The government reasserts its belief that it is useful to continue the practice of collective bargaining and the need to modernize all the regulations included in those labor agreements signed in 1975. We trust that the Chamber of Deputies labor legislation commission working on these issues will make progress in this area. We hope that a prompt agreement will allow us to modernize the legal framework of the collective bargaining process, and repeal the authoritarian law still in force.

Regarding salaries, in view of the needs of low-income sectors, the basic salary has been increased from 150 to 170 australes per month. We have decided to increase family allowances by an average 20 percent. The school bonus will also be increased. Those children from 1st to 3d grade will receive a school bonus of 50 australes; and those from 4th to 7th grade will receive 60 australes.

The government understands the distressing situation of retired people, and within its possibility it is now doing and will continue to do everything possible to help them. It will also continue to implement those improvements announced in December, and by 1 March will grant a readjustment that will follow the same criteria used for the salaries of the public sector which are not subjected to collective bargaining processes.

The executive branch will soon submit a bill to reform the national retirement system.

Because of the unrest caused by the banking holiday that was decreed yesterday, I would like to announce that tomorrow banks will open only to make retirement payments.

On the eve of the new academic year, we must also state that the government is concerned about the situation of teachers. Through the Education Ministry, the goverment will shortly announce a salary increase for teachers.

The control of the fiscal deficit is indispensable to ensure the complete success of the price freeze policy. The government has made a great effort along these lines from the outset of the Austral Plan.

The balance of the public expenditures in 1986 closed with a 2-percent deficit. The fact that these 1986 expenditures were at their lowest levels in the last 10 years was an important contribution.

To accompany the price freeze policy with a proper fiscal framework, the government has made two decisions. On one hand, it has decided to increase cigarette prices by 15 percent; and on the other it has decided to decree a 15-percent increase in the prices of super-grade and special-grade gasoline. However, public utility rates will be increased by only 2 percent. In so doing, the government is reducing to the minimum the impact of these readjustments on business costs and salaries.

Beginning tomorrow, these prices and the readjusted public utility rates will be frozen. These measures seek to guarantee the fulfillment of the fiscal objectives, and consequently, will permit the ratification of the decision not to issue money to finance the fiscal policy.

The monetary policy will be consistent with the stability and growth strategy. In order to explain further this commitment, before the end of the month the Central Bank will release the bank discount rate for the rest of the year, which will highlight the action undertaken to reduce the quasi-fiscal deficit.

Our efforts to reduce inflation also seek a responsible solution to a problem that has affected the production sectors. I am specifically referring to the level of interest rates.

The government feels that only a consistent drop in the inflation rate will reduce interest rates. Our effort to halt the increase in prices through a freeze policy will allow us to make decisions in this area. We have decided to reduce the regulated interest rates to 3 percent for deposits, and to 4 percent for loans. Moreover, the official banks have been instructed to take the initiative of reducing the free market interest rates.

The Central Bank will fight any abuses detected regarding interest rates, and will also promote measures seeking to reduce the operational costs of the financial system to reduce even more the intermediation rates.

Over the past few months, important initiatives have been taken to restructure the financial system. Almost all the businesses in the black market have been eliminated, bringing back to the banking system business that totals nearly 1.5 billion australes. Moreover, the criteria for regulation have also been readjusted by the Central Bank Superintendency, and several cases of insolvency have been identified in a few months, thus limiting the action of those irresponsible people, and defending the community's interests.

Nevertheless, the handling of the intervened organizations has created an additional burden to the Central Bank's administration. For this reason, the appropriate mechanisms will be adopted to free the public sector from this burden. It has also been decided to pass these organizations to private hands, transferring them to banks or other organizations created for this purpose.

The objective of the national government's exchange policy has been, and will be, to have an adequate exchange system to stimulate the country's exports. Consistent with this objective, and with the economic program, it has been decided that for the reopening of the market, the official exchange rate will be 1.535 australes to the dollar. This rate will be maintained during March and April, and will be readjusted by 2 percent monthly in May and June.

When we launched the Austral Plan, we knew that beyond the optimism that these initial measures could generate and also beyond the temporary disappointments that followed the setbacks, the country has faced a greater challenge, which is quite natural in a new period.

This is a new challenge but we find ourselves more mature after the rich and complex experience of the past 20 months. This experience has shown us that we are going in the right direction and that we have the strength and decision to continue ahead.

We call on all of you who, with your generous support, have made the success of the 14 June freezing policy, and have made it possible to carry out a new battle for stability because this is an effort which belongs to everyone. Now more than ever we need to join forces to defeat inflation, to continue to grow, and to assert before the financial powers of the world that the Argentine aspirations of progress and well-being are not negotiable. Good evening and thank you very much.

JEEP PRODUCTION TO REPLACE LIGHT TANK

PY192250 Buenos Aires BUENOS AIRES HERALD in English 19 Feb 87 p 9

[Text] (NA) -- Argentina may soon be producing a Jeep type of vehicle at the Villa Martelli plant, which up to last year was turning out the Tanque Argentino Mediano (TAM) Army vehicles.

The Fabricaciones Militares military-industrial complex stopped producing the light tanks due to the fact that it was not obtaining any orders either from the Argentine Army or from any foreign government.

A staff of 330 workers and 60 administrative employees are still at the factory engaged in maintenance activities. About 500 TAM units were sold at 200,000 dollars each. The stock of tanks now in the factory is around the one hundred mark.

The vehicles were produced under a German license. Reliable sources revealed that the plant will remain temporarily closed while Army authorities stage talks with private industry representatives to reach an agreement to produce Jeeps for military and private use.

Plant executives said production of the tank had been halted last year when it was found that manufacturing costs were exceedingly high and there was no hope of introducing it in international markets.

The cost was double that of similar vehicles offered by Brazil or the United States, the sources said.

FURTHER ON FULL STOP LAW, MILITARY TRIALS

5 Generals, Others To Stand Trial

PY202132 Buenos Aires BUENOS AIRES HERALD in English 20 Feb 87 p 11

[Text] (NA-DYN) -- The Bahia Blanca Federal Appeals court yesterday ordered the trial of at least five generals and some 20 officers and noncommissioned officers of the Armed Forces and security services involved in human rights violations and other crimes.

Although the full list of names will be made known today or at the beginning of next week, reliable sources said the requests were for the trial of Generals Acdel Edgardo Vilas (retired), Osvaldo Rene Azpitarte, Abel Teodoro Catuzzi, Enrique Braulio Olea, and Jose Luis Sexton and Colonel Oscar Reinhold, all linked to illegal repression in the Fifth Army Corps.

Reinhold is the current commander of the Eighth Border Guard Brigade in Mendoza.

A Bahia Blanca court official travelled to the capital yesterday to personally deliver the request to Defence Minister Jose Horacio Jaunarena, Interior Minister Antonio Troccoli, and Justice Secretary Ideler Tonelli. According to the sources, this indicated that officers and non-commissioned officers were involved.

Renewal Peronist Front deputy hopeful Dario Alessandro yesterday asked Acdel Vilas to show solidarity with the people, and avoid becoming "an accomplice of the dictatorship."

Alessandro questioned Vilas' statements before entering the Bahia Blanca court earlier this week, when he said he went "to see the place where they say I will be sentenced to life imprisonment."

The president of the Neuquen Lawyers' Council, Carlos Caballero, yesterday presented an appeal before the Bahia Blanca court requesting that the full stop law be declared unconstitutional. The law set a 60-day period for the presentation of cases of human rights abuses which expires this Sunday [22 February].

The Federal Appeals Court yesterday continued to analyze the Supreme Court ruling whereby the Armed Forces Supreme Council was declared competent to investigate the case of the kidnapping of printing worker Victor Melchor Basterra.

Basterra, who testified in the trials of the former military juntas, said he had been forced to work as a photographer and to participate in the elaboration of false credentials for naval officers stationed at the ESMA Navy Mechanics School, as well as for police and security officers.

The Supreme Court justified the ruling on the question of competence by pointing out that the Supreme Council had been in charge of the case of Basterra's illegal detention, and was entitled to investigate the charge of forced labour as well.

The La Plata Federal Court yesterday decided to deny the request presented by prosecutor Raul Tierno for the suspension of the next Sunday's deadline for the presentation of human rights cases.

The court warned that magistrates had no legislative powers and could not rule laws unconstitutional, answering another of Tierna's request to that effect.

Tierno had claimed it was "materially impossible" to investigate the 600 cases filed in that court-house, which are awaiting resolution before next Sunday.

The Cordoba Federal Court will extend the deadline for all those cases which were not received in time, as granted by the full stop law.

The extension will be proportional to the delay. The cases in which former Third Army Corps chief Luciano Benjamin Menendez is the main accused have received a one-month extension. Menendez has been summoned to testify on next March 17.

A charge was filed yesterday before the Cordoba court incriminating retired Brigadier Jesus Orlando Capellini in the murder of Victor Abel Lorenzo. The two lawyers who filed the accusation requested that the court summon Demetrio Oviedo, the Air Force doctor who signed the death certificate, to testify in the case.

According to the charges, former municipal council member Lorenzo was abducted from his home by an armed group on March 25, 1976, a day after the military coup, and that same afternoon the local Air Force garrison authorities reported that he had died in a show-down with military forces.

The Resistencia Appeals Federal Court, in turn, is in permanent session in an attempt to decide on the summons and trial of the officers involved in more than 40 cases of human rights abuses.

The main accused in these cases is retired General Cristino Nicolaides for his alleged participation in crimes as commander of the Eighth Army Border Guard Brigade. Nicolaides has already been summoned by the La Plata Federal Appeals Court.

Different political parties and human rights organizations yesterday convoked their followers to "the march of the torches" to be held tonight to protest the full stop law.

The march, due to begin at 8 pm at the Avenida de Mayo and 9 de Julio crossing, will end with a demonstration in front of Congress.

Further Report

PY212002 Buenos Aires BUENOS AIRES HERALD in English 21 Feb 87 p 11

[Text] (NA-DYN) -- The Parana Federal Appeals Court yesterday ordered the trial of retired Generals Leopoldo Galtieri, Ramon Diaz Bessone, Juan Carlos Trimarco, and Abel Catuzzi for their participation in human rights abuses during the military regime.

In an attempt to beat tomorrow's deadline for the presentation of human rights cases stipulated in the full stop law, the court also requested the trials of Colonels Constantino Gonzalez and Juan Manuel Valentino, and of approximately 15 officers and junior officers of the Entre Rios and the Federal police forces.

The Federal Appeals Court, meanwhile, submitted before the Defence Ministry the dates for the presentation of several military officers -- 17 from the Navy alone -- summoned to testify in the cases known as ESMA Navy Mechanics School and Camps II.

One of the most pressing files considering the lack of time and number of cases involved is the one investigating human rights violations committed at ESMA.

Also to be summoned are the police personnel implicated by the Federal Prosecutor's Office in the case against retired General Ramon Camps, tried and convicted to 25 years imprisonment.

The full stop deadline will not affect all cases of human rights violations equally, as the 60-day period was to be counted as from the day the court had access to each case, and the time taken up by the settlement of questions of jurisdiction was to be compensated through an extension in the deadline.

The Supreme Court will rule on the appeals presented by the defence attorneys of police Doctor Jorge Berges, Police Chief Miguel Etchecolatz, Police Corporal Norberto Cozzani, and retired Generals Camps and Ovidio Pablo Riccheri on the convictions ruled against them by the Federal Appeals Court.

Defence Minister Jose Horacio Jaunarena informed President Raul Alfonsin of the internal situation of the Armed Forces in view of the impending trials for excesses committed in the repression of subversion during the seventies.

Jaunarena reportedly briefed the president on the Supreme Court's decision to declare the Armed Forces Supreme Council competent to investigate the so-called "Palomitas Massacre" in which 11 detainees were killed in Chaco.

In the case of the crimes committed under the First Army Corps, also lodged in the Federal Appeals Court, the 60 days expire next April 6, as a question of competence held up their treatment until January 4.

According to sources, the Bahia Blanca Federal Appeals Court will bring 30 Armed Forces and security officers to trial for illegal repression in the Fifth Army Corps.

Although confirmation will only come next week, sources said that among the Army officers to be tried are retired Generals Acdel Vilas, Osvaldo Azpitarte, Abel Catuzzi, Enrique Oleo, and Jose Sexton.

Lawyer Diego Pinker will represent Acdel Vilas. Pinker explained that his client "has not received a summons, but it seems likely he will."

Vilas, who was the second-in-command of the Fifth Army Corps while Osvaldo Azpitarte was commander-in-chief, is accused of the kidnapping and murder of actress and teacher Monica Moran in June 1976.

The Cordoba Federal Appeals Court will today present before the Defence Ministry a list of some 33 officers and civilians whose trial it will request for their participation in illegal repression.

Cordoba Governor Eduardo Angeloz, meanwhile, estimated yesterday that 45 military officers had been summoned in relation to cases of human rights violations by the eight federal appeals courts in charge of such cases, and said "no special precautions" would be taken for the upcoming trial of retired General Luciano Benjamin Menendez.

Alejandro Zeverin, defence attorney for General Jorge Pedro Malagamba, detained by order of the Cordoba Court, yesterday said that the accusation made against his client of participating in the murder of two priests in 1976 are false, and that he trusted the situation would be resolved in favour of Malagamba.

La Plata Federal Appeals Court Prosecutor Raul Tierno advanced that he will make an appeal declaring the full stop law unconstitutional, and also claimed that tomorrow will not be the deadline for the cases filed in the La Plata court, as the 60 days run as from the day each case was received.

The Comodoro Rivadavia Federal Appeals Court yesterday summoned two colonels and a police inspector to testify on the case of the torments suffered by state prosecutor Ramon Torres Molina in 1976.

The court also called in Colonel Teofilo Saa, Lieutenant Luis Tibiletti, and Sergeant Juan Buzniak to testify on the disappearance of conscript Jose Luis Rodriguez Dieguez.

In related news, the Federal Court yesterday received an accusation filed by a group of "Justicialist politicians" demanding that former Interior Minister retired General Albano Harguindeguy be tried for the same crimes proved against former de facto President Jorge Rafael Videla.

Similarly, journalist Juan Carlos Rousselot ratified before the Federal Court his accusation filed against Videla and Harguindeguy for abuse of authority, malfeasance and extortion.

Deadline Expires 22 Feb

PY221902 Buenos Aires BUENOS AIRES HERALD in English 22 Feb 87 p 15

[Text] The deadline stipulated in the full stop law for the presentation of human rights cases against military officers accused of excesses committed during the dirty war against leftwing subversion ends today.

Some cases, including the controversial First Army Corps file involving cashiered General Carlos Guillermo Suarez Mason, will nevertheless enjoy an extension in view of earlier conflicts of jurisdiction settled by the Supreme Court.

President Raul Alfonsin met on Friday with Defence Minister Horacio Jaunarena and Justice Secretary Ideler Tonelli to discuss details of the trials under way in almost all federal appeals courts in the nation.

Details of the meeting were disclosed yesterday by reliable sources. Both Jaunarena and Alfonsin were said to be worried at the number of military officers in activity which have been summoned to testify.

Despite the secrecy of most courts related to cases of human rights abuses, sources revealed that close to 150 military officers would be accused of crimes against humanity. Of these, 50 are reportedly in activity.

Most of the officers accused would be involved in human rights abuses committed in the Navy Mechanics School (ESMA). Although the First Army Corps case is among the most important, the ESMA file has managed to attract most of the national and international attention.

Thus, most of the officers accused of excesses would come from the Navy, although several high-ranking Army officers are expected to be sentenced.

Military officers involved in human rights cases reportedly met yesterday in military garrisons throughout the nation to discuss their situation.

Unit commanders were said to be absent from the meetings in order to avoid having to sanction their subordinates. Military lawyers were also present so as to provide legal counselling to their colleagues.

Middle-ranking officers were reportedly unsatisfied with the little support shown by their superiors and accuse the higher echelons of the Armed Forces of surrendering to political power and favouring retired officers over those still in activity.

Human rights organizations are also unsatisfied with the situation and last Friday called for a rally to protest the full stop law. The number of demonstrators was placed at anywhere from 8,000 to 10,000 people.

La Plata Federal Appeals Court Prosecutor Raul Tierno had earlier said he would make an appeal declaring the full stop law unconstitutional and also claimed that today would not be the deadline for the cases filed in the La Plata court as the 60 days stipulated in the law run from the day each case was received.

The father of an Air Force pilot killed during the Malvinas War against Britain, meanwhile, accused retired General Juan Carlos Trimarco before the Armed Forces Supreme Council for his abduction on March 24, 1976.

Isaias Gimenez was jailed without trial for 11 months in an Entre Rios penitentiary and later released with no explanation as to the reasons behind the imprisonment.

Jaunarena, Army Chief Meet

PY232216 Buenos Aires BUENOS AIRES HERALD in English 23 Feb 87 p 7

[Text] -- Defence Minister Horacio Jaunarena met Army Chief-of-Staff General Hector Rios Erenu and Army War College Chief General Antonio Fichera in the Campo de Mayo military unit yesterday to discuss the situation of military officers accused of human rights violations committed during the military regime.

Fichera is one of the high-ranking military officers in activity who is accused of torture and murder by human rights organization.

Lower House Speaker Juan Carlos Pugliese meanwhile admitted there was "a certain unease" in the Armed Forces but he described the restlessness as short of "a state of deliberation."

President Raul Alfonsin is known to be concerned about the repercussions of the human rights trials and the number of military officers in activity who have been summoned to testify.

The risk remains that some officers, especially those in the Navy, may refuse to answer subpoenas, thus breaking the disciplinary chain of command.

Jaunarena and Justice Secretary Ideler Tonelli had earlier confirmed that any officers who fail to answer court summonses would be officially stripped of their ranks.

The deadline stipulated in the full stop law for the presentation of charges against military officers involved in the dirty war against leftwing subversion expired last night amidst hectic activity in federal appeals courts investigating the alleged crimes against humanity.

Federal courts throughout the nation processed charges against more than 100 military officers in the final round of cases against officials accused or torturing and murdering political prisoners.

Defence Ministry sources also reported that some 50 police officers and civilians had been summoned to testify.

The number of military officers believed to have participated in illegal activities during the fight against subversion in the seventies had been placed last year at some 3,000 officers coming mainly from the Army.

Human rights organizations earlier this year charged some 1,000 military and police officers with torturing and murdering close to 9,000 prisoners during the seventies. However, only 650 had been identified by their full names.

Demonstrators marching through the streets of Buenos Aires last Friday to protest the full stop law said that despite the flurry of new trials the controversial law will leave hundreds and perhaps thousands of guilty military officers free from prosecution.

Other Defence Ministry sources revealed that some 16 Navy officers will be summoned to testify by the Federal Appeals Court on Tuesday or Wednesday on human rights abuses committed in clandestine detention centres operating in the Navy Mechanics School (ESMA).

The sources said the executive is trying to avoid a crisis through all means at its disposal.

Five of the 16 officers would allegedly be currently active in Navy units while the possibility that they will agree to testify is still uncertain.

Two other officers belonging to the Coast Guards have reportedly been summoned in the ESMA case but the sources did not specify whether they were currently in activity.

The La Plata Federal Appeals Court continues investigating human rights abuses in view of the fact that the files were received from the Armed Forces Supreme Council on January 11.

Such is the case with the important First Army Corps case, since the files were dispatched by the Supreme Court in mid-January.

The most notorious defendant in this case is former First Army Corps Commander Guillermo Suarez Mason, who is being held in San Francisco pending the outcome of extradition hearings.

6 Admirals Ordered Arrested

PY252127 Buenos Aires DYN in Spanish 1622 GMT 25 Feb 87

[Text] Buenos Aires, 25 Feb (DYN) -- It was reported in the court building that the Federal Court of this capital today ordered the immediate arrest of six retired admirals and two other Navy officers accused of human rights violations in the Mechanics School of the Navy. The arrest order was sent to the Federal Police.

The Federal Court rejected a request for the postponement of an audience which had been requested by the defence counsel of the officers who are on trial in relation to the Mechanics School case and ordered their arrest in a note addressed to the Defense Ministry and the chief of the Federal Police.

The court has declared Antonio Vanek, Julio Torti, Oscar Antonio Montes, Manuel Garcia Tallada, Humberto Jose Barbuzzi, and Jose Antonio Supisichi in contempt of court and that following their arrest they must be taken to the intendency of the Justice Ministry and neld under arrest. The court also ordered the arrest of Jorge Vildoza and Horacio Pedro Estrada.

The Federal Court said in its decision that "the argument used to request a new postponement of the audience is inadmissible because the constitutional regulation that has been invoked empowers the individual on trial to refuse to testify until he has a lawyer or states that he wants one," and, "therefore, the default by individuals, who said they are aware of the summons, represents contempt of court in accordance with Article 171, Clause 1 of the Military Justice Code."

Navy Presents Admirals

PY232320 Buenos Aires DYN in Spanish 2240 GMT 25 Feb 87

[Text] Buenos Aires, 25 Feb (DYN) -- The six admirals against whom the Federal Appellate Court today issued arrest warrants are being held under arrest tonight at the court's detention room. It was reported at the court that the officers will stay there until the court questions them and decides whether they should be acquitted or stand trial.

It is not known whether the court will question them tomorrow because other Navy officers are scheduled to appear tomorrow.

The admirals were brought to court by an admiral on active duty. It has been made clear that the Navy arrested the six officers in response to warrants sent by the court to the Federal Police.

Defense Secretary Comments

PY260236 Buenos Aires TELAM in Spanish 0010 GMT 26 Feb 87

[Text] Buenos Aires, 25 Feb (TELAM) -- Defense Secretary Alfredo Mosso tonight explained that the naval officers who were arrested on orders from the Federal Court were not in contempt of court because the six admirals appeared in court on their own.

During a news conference, Mosso denied the existence of requests for retirement or unrest among any of the members of the Navy. He added that the situation that occurred this afternoon in the court building will not affect tranquillity.

Mosso reiterated that the round of hearings of active duty officers will be completed tomorrow and that today's minor problem with the time schedule will help for the remaining officers to testify. [sentence as received] He explained that the officers were summoned for today. However, he said that this morning they asked for an extension which the court granted. Later, however, a new request for an extension was submitted but was denied. This is why the arrest warrant was issued. He pointed out that there was no need to resort to issuing an arrest warrant as steps taken by the Navy staff and the Defense Ministry were sufficient. He added that the six officers came to the Libertad Building and from there they went to the court accompanied by Admiral Coppola.

Navy To Support Accused

PY260246 Buenos Aires TELAM in Spanish 0026 GMT 25 Feb 87

[Text] Buenos Aires, 25 Feb (TELAM) -- Navy Chief of Staff Ramon Arosa today stated that the only way of promoting justice as a basic institution of the constitutional system is by facing these trials within the law. This statement is included in a radiogram disseminated at 0230 today. The text was delivered by Arosa to President Alfonsin this afternoon and was released tonight by the Defense Ministry.

The radiogram reports that the Council of Admirals has studied the extremely serious situation that has resulted from the Navy officers' trials. These trials are a result of the Navy's involvement in the armed struggle against subversive terrorism. The radiogram adds that, after studying the situation and the possible alternatives, the admirals have reached the conclusion that the consolidation of the nation's future requires that responsible actions be taken to uphold the guiding principles of the Republic. The radiogram adds that, acting within this context, the Navy will back its men with every legal means regardless of rank or status, including members of the Naval Prefecture.

The radiogram concludes that only in this way will it be possible to strengthen cohesion within the Navy and to promote the military principles of responsibility, obedience, and discipline, irrespective to the sacrifice they might entail.

'Institutional Threat' Denied

PY260300 Buenos Aires DYN in Spanish 2330 GMT 25 Feb 87

[Text] Buenos Aires, 25 Feb (DYN) -- Interior Minister Antonio Troccoli today told political leaders that the situation of the admirals summoned to court for the cases of human rights violations is developing "within a normal course" and that "there is absolutely no institutional threat."

Troccoli's statements were reported to the press by Federal Party leader Guillermo Francos after a meeting he held with the minister and in which other politicians, members of the so-called Democratic Convergence [Convergencia Democratic] participated. Francos said that during the meeting "the minister was asked about the situation created today during the court summons of the admirals. The officers are being tried by the Penal Federal Court in the case of the Navy Mechanics School."

Francos said that the minister certainly expressed concern, but he was calm about the case. The minister guaranteed that the situation is within a normal and natural course, that there was absolutely no threat, and that the government is not facing any sort of institutional threat.

JOINT U.S. MILITARY MANEUVERS TO BEGIN IN MAY

PY241137 Paris AFP in Spanish 1410 GMT 24 Feb 87

[Text] La Paz, 24 Feb (AFP) -- General Gonzalo Saavedra, commander in chief of the Bolivian Armed Forces announced here today that Bolivian and U.S. troops will conduct exercises in the eastern part of Santa Cruz in May. The maneuvers, called "United Forces-87" will serve to exchange information and new techniques which will benefit mainly the Bolivian Armed Forces, Saavedra said. He added that the units that will participate in the maneuvers are currently being trained. The U.S. troops are expected to arrive in Bolivia on 15 May, bringing with them modern equipment and arms.

Saavedra also stated that all the procedures required by the Constitution to allow foreign soldiers into the country are being taken, especially the securing of the authorization of Congress.

COURT ORDERS REOPENING OF HUANCHACA CASE

PY240222 Madrid EFE in Spanish 0321 GMT 23 Feb 87

[Text] La Paz, 22 Feb (EFE) -- It was reported here today that the Bolivian Supreme Court of Justice has decided to reopen the case against five individuals involved in the Huanchaca case. The case involves the members of a Bolivian-Spanish scientific expedition that were murdered in Huanchaca on 5 September 1986. The court overruled the decision of the former trial during which the five suspects, some of whom are well-known drug traffickers, were acquitted.

The Supreme Court of Justice, seated in Sucre, 740 km south of La Paz, said that none of the judges who heard the case had "any jurisdiction or power to acquit several individuals who were apparently guilty of drug trafficking and of concealing information about the existence of a cocaine laboratory in Huanchaca, Santa Cruz Department."

Bolivian scientist Noel Kempff Mercado, and two of his assistants who traveled with two Spanish scientists, were massacred in Huanchaca.

A congressional commission investigated the case and discovered that international mafia groups took turns operating the cocaine laboratory, and that these groups, according to some accusations, received official protection. On 10 November 1986, opposition Deputy Edmundo Salazar, a member of the Congressional commission that investigated the Huanchaca case, was murdered in Santa Cruz. The Supreme Court of Justice ordered the reopening of the case involving the following citizens who are charged with being linked to drug trafficking and the Huanchaca case: Jose Bismark Arredondo Alvarez, Humberto Gil Suarez, William Pizarro Hurtado, Ezequiel Chavez Justiniano, and Reynaldo Chavez Justiniano.

BRIEFS

1986 TRADE BALANCE -- Quito, 21 Feb (AFP) -- A bulletin issued by the Central Bank in Quito today showed that Ecuador had a favorable trade balance of $610.84 million in 1986. However, it represents a 55.1 percent drop of $750 million from the 1985 figures, because of the lower world price for oil. [Summary] [Paris AFP in Spanish 1927 GMT 21 Feb 87 PA]

DEBT NEGOTIATORS WILL SEEK IMPROVED TERMS

PY251910 Sao Paulo O ESTADO DE SAO PAULO in Spanish 24 Feb 87 p 29

[Text] When the debt renegotiations get under way in 10 days, the Brazilian Government will present to the bankers a proposal emphasizing the following points: A 16-year payback period with a 7-year grace period to begin payment of principals; a spread (risk-added rate) lower than the 0:875 percent granted to Mexico; $2.5 to $3.0 billion of new money; and a safeguard clause against interest-rate fluctuations.

According to Finance Minister Dilson Funaro, the government's intention is to present a novel proposal, different from the proposals being discussed with other debtor countries. Yet, the preparation of the proposal to be taken to New York was preceded by a careful analysis of the main point in the Mexican "package" by the Central Bank.

Before making the decision to suspend the interest payments, and when Fernao Bracher was still president of the Central Bank, the government seemed convinced that the proposal for multi-year negotiations on the foreign debt, which had been agreed on by the creditors and the administration of General Joao Figueiredo, would not be accepted.

The rapid deterioration of the country's external account, followed by the decision of Sarney's government not to accept IMF monitoring, created difficulties for multi-year negotiations. Just as it was done with the Paris Club, the possibility was open to negotiate a 2-year period.

With the suspension of interest payments, however, the situation changed and the government decided to again propose a multi-year negotiation and request new money -- two ideas that were practically discarded less than a month ago. Thus the proposal made in February 1985 by Alfonso Celso Pastore has been revived, with some variations: The spread requested has been changed from 1.125 percent to 0.875 percent; quarterly monitoring by the IMF has been replaced by "enhanced contact," which means an annual visit by an IMF mission and monitoring of economic performance through figures provided by the Brazilian Government.

The idea that the country resort to the international financial market to raise new resources was contemplated in the negotiations conducted by Alfonso Celso Pastore, although the amount was not determined. In the new proposal, the government seeks to raise $4.0 billion in new resources, which would include World Bank financing and $2.5-3.0 billion in new money from the foreign creditor banks.

Talks Postponed; Banks Federalized

PY260145 Madrid EFE in Spanish 2331 GMT 25 Feb 87

[Text] Brasilia, 25 Feb (EFE) -- The Brazilian Government today announced the postponement of negotiations scheduled to begin next week in New York with its commercial creditor banks. The postponement was made in order to seek "political support for a final solution to the foreign debt problem."

Last week, Brazil decided to suspend indefinitely its interest debt payments on its commercial debt totaling $108 billion. The postponement was announced by Central Bank President Francisco Gros, who noted that tomorrow he and Finance Minister Dilson Funaro will start a tour of five European countries and the United States to explain the Brazilian Government's position.

Tonight, the Brazilian Government also decided to place five state banks, including that of Rio de Janeiro, under the federal government's administration. These banks have been facing serious financial problems.

FUNARO, ARGENTINA'S BRODERSOHN DISCUSS ECONOMY

PY251800 Brasilia Radio Nacional da Amazonia Netowrk in Portuguese 1000 GMT 25 Feb 87

[Text] Finance Minister Dilson Funaro yesterday met Argentine Finance Secretary Mario Brodersohn, who is the main negotiator of the Argentine foreign debt. After the meeting, Brodersohn said they only discussed matters related to the two countries. Minister Funaro also said they discussed the inbalance in the development of the two nations and the Brazilian-Argentine integration, which is equally important for both countries.

Funaro denied having discussed any strategy for the renegotiation of the two countries' foreign debts, and pointed out that each country has its own position regarding the debt, and its own method of renegotiation.

[Begin recording] [Reporter] [Question indistinct]

[Funaro] Each country has its own position. During the Cartagena meeting, it was decided that each country must negotiate its debt in accordance with its own methods, without depending on any other country. We have only exchanged ideas on...

[Reporter, interrupting] [Question indistinct] [end recording]

Yesterday afternoon, the two officials released a report that, during the meeting, information was exchanged on Brazilian and Argentine development, mechanisms for economic integration between the two countries, and the behavior of foreign sectors, including the foreign debt problem.

Brodersohn was very interested in the situation of the Brazilian debt from the Braziiian officails. He also wanted to hear details of the decision to suspend the payment of interest on the debt because today in New York he will begin negotiating the Argentine foreign debt with 360 foreign creditor banks. Brodersohn may use his contacts in Brazil as a means to exert pressure on the international bankers during the negotiations.

NATIONAL, FOREIGN OFFICIALS VIEW DEBT DECISION

PY251505 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 25 Feb 87

[Text] Deputy Ulysses Guimaraes said yesterday that foreign banks realize that the Brazilian decision to suspend interest payments on its debt is not intended to confront the creditors. Guimaraes added that the purpose of the decision was not to lead a bloc of debtors in exerting pressure on the rich countries.

Pernambuco Governor-elect Miguel Arraes has said that President Sarney's decision was not intended to teach anyone a lesson. Arraes thinks that Sarney made a moderate decision, which showed that Brazil is willing to discuss the debt with its creditors in order to reach a satisfactory agreement.

The Brazilian Press Association supports Sarney's decision, and believes that it is a preliminary step in the reexamination of ways to service the foreign debt, which will not force Brazil to make commitments it cannot honor.

Presidential spokesman Frotta Neto has reported that the international media understand the Brazilian decision to suspend interest payments on its foreign debt. According to Frotta, foreign bankers realize Brazil is facing difficulties, and that it does not intend to create conflicts.

U.S. Federal Reserve Bank Chairman Paul Volcker has said that Brazil needs economic reforms in order to overcome the debt crisis. He warned that foreign banks can win by dragging out the negotiations, which are holding up new credits, until the debtor countries give up out of sheer exhaustion. Volcker added that Brazil's economy can overcome these difficulties, and that there is no reason for the national economy to stop growing and generating trade surpluses.

Unlike the United States, Europe does not believe the Brazilian Government decision is calamitous.

[Begin relay from Paris] After the initial impact caused by the Brazilian moratorium, European financial officials are trying to downplay the dramatic aspects of the Brazilian decision to suspend interest payments on its foreign debt.

The French Finance Minister Edouard Balladur said that periodic economic difficulties, like those of Brazil, can sometimes occur, but they have always been resolved.

Although U.S. banks, which are Brazil's major creditors, view the Brazilian moratorium as a threat, European banks think it less calamitous.

After the announcement of the Brazilian decision, FRG Finance Minister Gerhard Stoltenberg said that he does not foresee risk for U.S. banks. Europe's greatest concern is that the Third World countries' economies may become unbalanced and discredited.

French Prime Minister Jacques Chirac has even criticized Third World creditors, who are forcing the debtor countries to borrow more than they can pay.

Thus, Europe is concerned about the Brazilian economic-financial crisis, but it is demonstrating understanding. All agree that everyone must cooperate with and support the efforts of the debtor countries in order to allow them to regulate their economic growth and trade balance.

The world's seven wealthiest countries, which met in Paris on 22 February, issued a warning to the banks, asking them to report loans granted to the developing countries because, in 1986, these loans decreased by 25 percent. The finance ministers of these seven countries believe that creditors must reinforce, with supplementary loans, the efforts of countries, like Brazil, which are attempting to recover their economic growth.

Currently, there is speculation about what position Brazil will take in the upcoming negotiations in Washington. [end relay]

CREATION OF STRONG ECONOMIC MINISTRY PROPOSED

PY210323 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 20 Feb 87

[Text] Deputy Ulysses Guimaraes, president of the PMDB [Brazilian Democratic Mobilization Party], has admitted the possibility of the creation of an Economic Ministry like the one in Argentina. Guimaraes believes in a strong ministry capable of acting consistently to avoid disagreements like the ones that have occurred recently between the Planning Secretariat and the Finance Ministry.

ARMS PURCHASES FROM ISRAEL REPORTEDLY SMALL

PY210340 Rio de Janeiro O GLOBO in Portuguese 19 Feb 87 p 31

[Text] Brasilia -- Brazilian purchases of Israeli military equipment over the last 10 years have amounted to a little more than $150,000 (2.6 million cruzados). This amount was spent on 12 DEFA 552-A cannons that replaced similar French equipment. The purchase was made by former Aeronautics Minister Delio Jardim de Mattos because of the high price of the original French equipment, which the Israelis used as a model for their own cannon.

Each DEFA 552 cannon manufactured by Groupemment des Armements Terrestres (GIAT) was worth $35,000 (626,100) cruzados) compared to the $19,000 (339,900 cruzados) charged by Israel.

One hard fact about the Israeli case was the testing of an attack radar manufactured by an Israeli electronic company (ELTA) [Elta Electronics Industries Ltd] in one of the two prototypes of the AMX/A-1 tactical fighter manufactured by the Italo-Brazilian consortium Aermacchi-Aeritalia/Embraer [Aermacchi SpA-Societa Aerospaziale Italiana SpA/Brazilian Aeronautics Company]. The test was made following an Argentine request for future purchases. This equipment is standard in the IAI-DAGGER, an Israeli copy of the French Mirage III-E, which fought in the Malvinas Island conflict.

The brazilian models will use Italian radar. The only door the Israeli military industry managed to open in Brazil is the use of the DEFA 552-A cannon in the AMX/A-1. The Brazilian Air Force favors the proposal of the Sao Paulo firm Vernardini [not further identified] to manufacture this piece of equipment.

BRIEFS

DOMINICAN AMBASSADOR PRESENTS CREDENTIALS -- Brasilia, 17 Feb (AFP) -- The new Dominican Ambassador to Brazil Oscar Hazim Subero today presented his credentials to President Sarney at the Planalto Palace. Hazim Subero, who replaces Cotubanama Dipp, previously served as secretay and consul general at the Dominican Embassy in Paris. [Summary] [Paris AFP in Spanish 1525 GMT 17 Feb 87 PY]

PETROBRAS SUBSIDIARY PROJECTS ABROAD -- Rio de Janeiro, 20 Feb (EFE) -- Reinaldo Aloy, vice president of BRASPECTRO [Petrobras International, Inc], a suibsidiary of the Brazilian Petroleum Corporation [PETROBRAS], has reported that his company will begin to prospect for oil in the Magdalena Medio region of Colombia next month. He also reported that BRASPECTRO will begin oil prospecting in the Ecuadorian Amazon region in April. In 1987, BRASPECTRO will invest $89 million in its projects abroad, 48.3 percent more than in 1986. About $75 million will be spent in prospecting and exploitation, and the rest in selling its services abroad. [Summary] [Madrid EFE in Spanish 1454 GMT 20 Feb 87 PY]

GOVERNMENT TO AVOID CONFRONTATION WITH BANKS

PY252130 Paris AFP in Spanish 1720 GMT 25 Feb 87

[Text] Santiago, 25 Feb (AFP) -- In Santiago, official sources have reported that Chile, unlike Brazil, will prevent a policy of confrontation with the international banks and will maintain its strategy of increasing exports to finance the servicing of its foreign debt which by the end of 1986 had reached $19,352,000,000.

The Chilean foreign debt, two thirds of which belongs to private enterprises, grew $34 million in 1986 in relation to 1985. This represents a slight increase of 0.2 percent. Last year, Chile paid its creditors approximately $1.7 billion which is the equivalent to 40 percent of the value of 1986 exports. In 1987, Chile will pay $1,875,000,000 which represents $938.4 million for amortization of capital and $936 million for interest. The largest payments will be sent to banks in the United States (about $1 billion), England ($253 million), Japan ($82 million), and France ($80 million). The list of Chilean creditors, excluding the multinational organizations (which make up a smaller percentage of the country's debt), is made up of about 500 entities.

The Chilean foreign debt went from $4.6 billion to about $19.4 billion from 1974 to 1985. This was after the military government of President Augusto Pinochet kept the price of U.S. currency low and eliminated barriers, so private companies could sign agreements with foreign banks.

At the peak of the loans (1979-1982), Chile received loans at the rate of $2 billion per year. The largest part of the accumulated credit is divided among 12 of the 500 creditors: Bank of America, Bank of Nova Scotia, Bank of Tokyo, Bankers Trust Co., the Chase Manhattan Bank, Chemical Bank, Citibank, Credit Suisse, Dresdner Bank, Manufacturers Hanover Trust (the largest amount), Midland Bank, and Morgan Guaranty Trust Company.

For 1987 and 1988 Chile needs to cover a deficit of $600 million in its foreign accounts, but it has not requested any fresh money from its creditors, with which Chile has been negotiating since December. However, to prevent increasing its debt through new credits, Chile asked and obtained lower interest rates on the accumulated stock, as well as a new timetable for its payments. These payments will be made once a year in 1987 and 1988 instead of twice a year.

Government sources indicated that because of the rescheduling of the payments, Chile will pay $450 million less this year. At first, the new formula created some resistance especially from Citibank which did not want to set a precedent that could be used by debtors with financial situations worse than Chile.

Sources in Santiago reported that the Brazilian decision to suspend the payment of interest on its large foreign debt, and the impact this announcement created in the international financial centers, accelerated the finishing touches of the agreement betwen the Chilean negotiators and the committee of 12 banks.

PINOCHET EXPLAINS NEW ELECTORAL REGISTRATION

PY252253 Santiago Radio Chilena Network in Spanish 1600 GMT 25 Feb 87

[Excerpt] President Augusto Pinochet has stated that the opening of registration offices represent progress in the electoral process. He talked to the press at La Moneda Palace after he had registered at the El Castillito building. President Pinochet stated that previous electoral registration books have been incinerated because they have been falsified.

[Begin Pinochet recording] The first question is: Why are we opening new registration books? What happened to the old registration books? Well, you know that in the past the electoral registration books have been falsified. Consequently, it was necessary to prepare new registration books. This has been done through a law, and the old books have been incinerated. This law is in effect as of today, and I wanted to set an example to all citizens, by being the first citizen to register in the new registration books. Everyone must understand that new measures have been adopted to prevent new falsification. New cards have also been issued, in accordance with the law. [end recording]

The chief of state added that the same system has been employed in the Philippines, where it received the support of the U.S. Administration.

[Begin Pinochet recording] There are those who are not aware of the new system of using new ID cards. But I want to remind everyone that in Philippines the people have used the same system, with the approval of the United States. [end recording]

ARMY REPORTS NEW EVIDENCE IN TORCHING CASE

PY250206 Santiago Domestic Service in Spanish 2200 GMT 24 Feb 87

[Text] The Chilean Army public relations department has issued a communique in which it states that there is new evidence regarding the torching of two youths, and that it has been placed at the disposal of the military courts so that they may act accordingly. The text of the communique reads as follows:

1. On 18 July 1986, the Chilean Army placed at the disposal of the courts the members of the military patrol who intercepted a group of demonstrators who planned to disrupt public order and who were carrying flammable material. The incident occurred on 2 July at the intersection of General Velazquez and Hernan Yungue Streets.

2. The respective case is being handled by the ad-hoc military court, under the second military court, and at present the case is in the summary stage.

3. In keeping with its own regulations, the Army proceeded to carry out a parallel administrative investigation with the objective of establishing the Army's responsibility in the incident.

4. This investigation has established that the officers who were members of the patrol in question had informed Colonel Rene Munoz Bruce, the security commander, about the incident at the proper time and that the latter did not inform his superiors about it as he should have done. Therefore, the military courts have been informed so that they may take the proper legal action.

5. Colonel Munoz today submitted a request for his retirement.

SUPREME COURT REFUSES TO RULE ON EXTRADITION REQUEST

PA252100 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 25 Feb 87

[Text] Bogota -- the Supreme Court of Justice has reaffirmed its position that it will not rule on the extradition of Colombians requested before 12 December when it declared the law ratifying the treaty with the United States inapplicable.

In its second decision of this type, the court left in the hands of the government the decision of whether to turn over to the U.S. courts former banker Gilberto Rodriguez Orjuela, sought for his alleged participation in drug trafficking.

The court again considered that the legal effect of the decision on the law approving the U.S.-Colombian treaty is the revival of the treaty signed by the two nations in the 19th Century, through which only the executive branch and not the judicial authorities intervene in the extradition.

The magistrates clarified that this concept does not involve an opinion on whether or not the extradition treaty is in force. According to the government, the treaty is in force because President Barco again signed the approving law which had been declared inapplicable because of structural defects. The concept only entails the court's refusal to issue an opinion on extraditions requested up to the moment of that ruling and which had not been resolved and which, in the view of the court, cannot be considered under the U.S.-Colombian treaty that became legally nonexistent. Laws are not retroactive, and that is why the extradition requests prior to that date cannot be considered by the court on the basis of the law signed again by President Barco, the magistrates stated.

GUERRILLAS ATTACK VENEZUELAN, PERUVIAN BORDER POSTS

PA260335 Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 26 Feb 87

[Text] Colombian guerrillas carried out two attacks on Venezuelan and Peruvian military posts along the Colombian border. The Venezuelan and Peruvian authorities reported that the attacks were repelled by local soldiers. There were no victims reported, and the guerrillas fled after abandoning their weapons and other materiel. These incidents have occurred only hours before a very important meeting between the foreign ministers of Colombia and Venezuela begins in Cucuta.

FARC PROPOSES FORMATION OF COALITION GOVERNMENT

PA24128 Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 24 Feb 87

[Text] The government of President Virgilio Barco is considering a FARC proposal to create a coalition government in which the FARC would participate. The proposal, delivered to a group of politicians who visited the FARC staff in La Uribe, points out that the goal is to cooperate in the search for a political solution to the country's current crisis.

The FARC proposal includes the participation of the Patriotic Unity, community and peasant forces, and 11 of the political parties and guerrilla movements in the country.

[Begin FARC's Jacobo Herrera recording] We propose to President Barco the formation of a government composed of a broad national and patriotic coalition to face and solve the country's serious problems, extend the truce, and lay solid foundations for the peace process so that democracy will once again be the basic element in the nation's independent development. [end recording]

The meeting, which was held over the past weekend at the FARC's General Secretariat, was attended by representatives of the country's various political sectors.

RADIO COMMENTATOR SHOT IN CAQUETA DEPARTMENT

PA231441 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 23 Feb 87

[Text] It has been reported from Florencia that journalist Carlos Julio Rodriguez is today in critical condition in a local hospital. Unidentified persons shot him early this morning as he was leaving his home to go to the CARACOL radio station in Florencia. The 27-year-old reporter was shot four times in the chest and was taken to the Maria Inmaculada Hospital, where the doctors said his condition is critical. The reason for the attack against the journalist has not been determined. He was the director of a commentary program on the CARACOL station in Florencia, capital of Caqueta Department. In his commentary program Rodriguez constantly talked about the lack of morality and the problems affecting Caqueta.

The attack against Carlos Julio Rodriguez takes place following the attack last Friday against Cali journalist Herny Holguin, who is recovering.

PATRIOTIC UNITY TO URGE DEBT MORATORIUM

PA231527 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 23 Feb 87

[Text] Patriotic Unity [UP] leaders will request a meeting with President Barco to present the conclusions of the UP national plenary session that declared its independence from FARC. The UP regional leaders have demanded that the government call for special congress sessions to speed up the process of agrarian, urban, and labor reform. The UP regional leaders also proposed that Colombia declare a moratorium on foreign debt payments.

They said they are not part of FARC, although the political group resulted from the initiative of the guerrilla group as part of the agreements reached at La Uribe.

BRIEFS

PARTIES ELECT NEW PRESIDENTS -- The Liberal Party [PL] and Conservative Party [PC] have elected Ernesto Samper Pizano and Gabriel Melo Guevara, respectively, as their new presidents. Samper, 36, is regarded as one of the most "progressive" PL leaders. Melo, 42, is one of the most important spokesmen of the PC faction led by Alvaro Gomez Hurtado. [Summary] [Hamburg DPA in Spanish 1814 GMT 25 Feb 87 PA]

FOREIGN DEBT CAPITALIZATION PROCESS TO BEGIN

PA252115 Quito Voz de los Andes in Spanish 1130 GMT 24 Feb 87

[Text] Superintendent of Banks Alfonso Trujillo has reported that the capitalization process of the foreign debt in sucres will begin this week. To accomplish this, the Central Bank will issue the necessary instructions this week, upon their approval by the Monetary Board and by the Superintendent of Banks Office, to begin receiving bids from financial organizations. Trujillo said that the capitalization process must necessarily be conducted through a financial or bank entity that has debts with the Central Bank so as to decrease its liabilities. Banks and financial companies will play a leading role in the capitalization process, Trujillo said. We want a lesser dependency on the banking system as an issuing entity, Trujillo said.

Moreover, Trujillo said there is no reason to decrease the interest rates on credits granted to the agricultural sector by the Central Bank because it is already subsidized. Precisely because of the improvement in the financial situation, over 8 billion sucres have already been allocated to increase cash reserves in banks, which has caused the money supply to increase, thereby decreasing interest rates considerably, Trujillo said. Rates of accumulation certificates [polizas de acumulacion] decreased from 40 to 36 percent, and bank rates decreased from 22 to 16 percent, a figure which is expected to become stable for a long period of time, Trujillo said.

COMMANDER OF BASE WHERE FEBRES HELD REPLACED

PA260412 Madrid EFE in Spanish 0245 GMT 26 Feb 87

[Text] Quito, 25 Feb (EFE) -- Colonel Patricio Gonzales, commander of Taura Air Base where paratroopers held President Leon Febres Cordero hostage for 12 hours on 16 January, has been replaced by Colonel William Vicker.

Ecuadoran Air Force (FAE) Commander General Augusto Flores explained that "the aftermath of the Taura incident has been overcome." The FAE commander added that Col Gonzalez was charged with not having detected in time the plot against President Febres Cordero, which is why he has been replaced. The paratroopers who participated in the kidnapping of the chief of state will undergo a court-martial beginning 4 March. They are accused of committing a "military crime," punishable according to Ecuadoran law by up to 16 years in prison.

Court Frees Kidnap Mediator

PA210405 Quito Radio Quito in Spanish 2300 GMT 20 Feb 87

[Text] Major Angel Cordova, who acted as mediator in the kidnapping of President Leon Febres Cordero by the commandos of Taura Base, has been set free. The First Court of the Air Zone was charged with conducting this proceeding in a resolution that was issued yesterday. The resolution states that according to the report of the General Secretariat of the Administration -- which contains the report of the Military Intelligence Services -- the presumption of guilt of Maj Cordova has been disproved, and the arrest warrant that was issued in his case is therefore revoked.

RADIO NANDUTI'S RUBIN PREVENTED FROM LEAVING COUNTRY

PY232245 Asuncion HOY in Spanish 21 Feb 87 p 9

[Text] Humberto Rubin, owner-director of Radio Nanduti, told us he was not able to travel to Spain yesterday because of "orders from above." He added that he was delayed for a long time at the airport, he was told he could not travel abroad, and his passport was taken away. Investigative Police Department agents told him he could get his passport back from the department's headquarters downtown.

Rubin, a well-known journalist who was forced to close his radio station as a result of the interference that prevented him from broadcasting commercials, revealed that he wanted to travel to Spain to attend a forum called "Meeting for Democracy" organized by the Spanish Socialist Workers Party and other European political parties in solidarity with our country.

Rubin said that 30 other people going to the event did not have any problems, except Carlos Filizzola and Hector Lacognata who were not able to get passports from the police. "Yesterday everyone was able to board the airplane except me," said Rubin. He added that he is very surprised because "my documents are in order. I do not know why this happened."

FURTHER ON OPPOSITION MEETING IN MADRID

PY251151 Madrid EFE in Spanish 2058 GMT 24 Feb 87

[Text] Madrid, 24 Feb (EFE) -- Paraguayan political opposition forces today denounced the systematic repression of the freedom of expression, the distortion of information, and human rights violations perpetrated by the regime of General Alfredo Stroessner.

Journalists, lawyers, politicians, and former Paraguayan political prisoners have repudiated the "methods" used by the Paraguayan Government "to perpetuate" its "dictatorship of fear" in a debate that was carried out today, the 2d day of the "Forum for Democracy in Paraguay."

The debate opened with the reading of a message sent by Humberto Rubin, who was not allowed to leave Paraguay to attend the Madrid forum. Rubin is the director of Radio Nanduti, which has been closed down by the Paraguayan Government. In his message, which was recorded for a Spanish National Radio program on freedom of expression, broadcast last night, Rubin expressed support for the forum "at which, although we are far away, we believe we are well represented by our comrades."

Rubin expressed thanks for the solidarity of Spanish Deputy Prime Minister Alfonso Guerra during the opening of the meeting, and he sent a greeting to everyone present.

Aldo Zucolillo, director of the newspaper ABC-COLOR, which was closed in 1984, submitted a series of reports on how the Stroessner government "manipulates the press for political purposes" and how it uses the mass media "to distort" reality, "distract" the attention of the public, and "terrorize" them. To support his statement, Zucolillo exhibited a recording of a commentary broadcast by the official radio program, "La Voz del Coloradism," which describes the Febrerista Revolutionary Party (PRF) as "a party comprised of worthless people who are paid off by international socialism."

During a discussion of "the mass media, freedom of expression, and human rights," which was moderated by Spanish journalist Miguel Angel Aguilar, a special tribute was paid to Carmen de Lara Castro, founder and president of the Paraguayan human rights commission, for her work in this area.

In her report, Carmen de Lara Castro noted that respect for human rights in Paraguay has not improved, even though "there are no longer thousands of political prisoners," and "many exiles have been allowed to return."

Carmen de Lara Castro discussed violations of "basic" laws, and of "political rights." She also denounced the "dependence" of the judicial branch, the closure of Radio Nanduti and of ABC-COLOR, the "torture" and "harassment" of those under arrest, and the generalized repression of peasants and students.

She pointed out the case of Napoleon Ortigoza, "who has been in prison for the past 25 years."

Former political prisoners Enrique Gonzalez, and Virgilio Bareiro, who was in jail for 16 years, expressed thanks for Lara Castro's "constant" support during their imprisonment, and they honored her with a moving tribute.

In addition, the forum charged that the government interprets the law to its advantage to justify a "selective repression;" the "manipulation" of the judicial branch; and the situation of the peasants, who have been "deprived" of their lands to benefit national and foreign large landowners.

Ramirez Montalvetti, representative of the "Paraguay Committee of Churches," reported the sale of large properties to relatives of Anastasio Somoza, the Nicaraguan dictator who was assassinated in Asuncion, and to persons connected to Chilean President Augusto Pinochet.

In the session dedicated to Paraguay's present cultural situation, the delegates insisted on the need for the state to promote and guarantee the teaching of reading and writing and education in the two official languages: Guarani and Spanish.

Other issues mentioned as priority areas were the eradication of illiteracy, respect for the "Guarani-Hispanic" cultural tradition of the mestizo peasants, and preservation of the ecological "habitat" of "indigenous" minorities.

At the end of the debate, Miguel Angel Aguilar, EFE information department director and secretary general of the Spanish branch of the European Journalists Association, offered his association's cooperation to make the European mass media more "sensitive" to the situation in Paraguay.

Aguilar, who during the debate referred to the repression of the media in Spain under Franco, suggested that Paraguayan opposition leaders accept the cooperation of everyone who expresses "a sincere and dedicated commitment" to achieving democracy in Paraguay but "without demanding a bloodbath."

GARCIA ON GAS DISCOVERY, FOREIGN DEBT ISSUE

PY232357 Lima Television Peruana in Spanish 0100 GMT 22 Feb 87

[Excerpts] President Alan Garcia Perez gave a news conference tonight at the Golden Room of the Government Palace during which he announced the discovery of a huge gas deposit in the Peruvian jungle:

[Begin Garcia recording] The first good news is the official confirmation that the Shell Company has discovered gas deposits in the Ucayali and Cuzco Departments, capable of producing some 7 quadrillion cubic meters of gas. These gas reserves are equivalent to some 1.2 billion barrels of oil, worth some $20 billion. This represents one and a half times the Peruvian foreign debt, and more than twice the current Peruvian oil reserves. [end recording]

President Garcia also commented on the Brazilian decision on its foreign debt:

[Begin recording] [Reporter] Mr President, what will be the effects in Latin America of the Brazilian decision to suspend interest payments on its foreign debt?

[Garcia] The decision affects Peru: It confirms our correct and unilateral decision to limit payments on our foreign debt in order to increase our currency reserves which could then be used to encourage our domestic growth which has increased substantially this year.

A second effect is a transcendental one: Our debt is $14 billion: Brazil's is $108 billion. The Brazilian decision must, therefore, have a greater impact on creditors, and serves as an important example to other Latin American countries. Mexico, whose debt is $100 billion, is now facing serious problems. It has asked banks for some $7 billion in credits to help pay its foreign debt, but this has not yet been granted. Mexico's serious problem is that in order to pay this $7 billion, which will be used merely to service its foreign debt, it may have to impair its development. Following Brazil's example, Mexico may unilaterally, but responsibly, decide to postpone the payment of the debt in order to solve its domestic problems.

In the case of Argentina, whose difficulties we have been following closely, the IMF itself does not want to lend the Argentine Government any money before banks grant Argentina credit to pay debts previously contracted. Argentina, however, has not succeeded in obtaining this credit from the banks yet.

The main feature of the Brazilian decision is that other heavily indebted countries may decide to follow Brazil's example. If these countries make this decision, they will be following the pioneering decision made 18 months ago by Peru. This fact gives the Peruvian Government the satisfaction of showing that its decision -- often deemed precipitate, unilateral and emotional -- was correct. At the right moment we made a pioneering decision which enabled us to grow, and which has shown the way for other countries.

I think the Brazilian decision is extremely important for the economic history of Latin America and the Third World because the sheer size of the Brazilian debt gives extra strength to Peru's pioneering decision.

[Reporter] Eighteen months ago, it was said that Peru was alone in its decision on the foreign debt.

Currently, however, following the decisions made by Brazil and Argentina, and which Mexico may also make, we have all the conditions to form a front. Do you think this front would force the IMF to take a more flexible position?

[Garcia] There are two aspects to this issue. A front can be a group of people who unite to make a joint decision, or it can be a group of people who make a similar decision without having ever sat around a table to talk. The latter is occurring in Latin America. First, Peru made the decision of allocating only 10 percent of its exports for the payment of its foreign debt. [passage omitted] Now Brazil has made the important decision, and other countries are, little by little, limiting the servicing of their debt. Thus, a front was formed without any meetings or agreements to adopt a certain policy. It already exists because we are making similar decisions, and thus, forming a front.

It is important that creditors realize that the debt -- which results from the low prices paid for our raw material, the high prices charged for the industrialized goods, and the high interest charged on the credits granted -- must be paid not only by us, the destitute, but also by the rich countries. The crisis will have to be shared.

Consequently, creditors will have to substantially change the conditions of payment. If they want Latin America to pay some of its debt, they will have to substantially reduce the interest on the exisitng debts. They can no longer charge 8 or 10 percent on the debt, but only 2 or 3 percent, so as to enable Latin America to somehow pay its debt.

On one hand we are thoroughly convinced that it is unfair and illegal to pay a debt without first promoting the development of the country. We do not think a government can dedicate any attention to the payment of its foreign debt before solving the domestic problems of the country.

On the other hand, we are convinced that the foreign credits, the financial assistance granted by the foreign banks is, and has been, a myth during the last few years. If we compare the quantity of money extracted from the Latin America economy to pay debts, or that which has been sent abroad in terms of company profits, or even that which has been deposited in private bank accounts, with the amount of money we have received in terms of credits, we will realize that more money has left our countries than has been received.

Therefore, we have to first make an effort to keep the dollars (?obtained from exports), without being unfair to the creditor countries, and second, we have to invest that money more wisely. So far, we have not known how to invest that money well. We have invested that money and the money we received through credits in big, unprofitable projects. Therefore, we can say that foreign credits have been, and still are, a myth.

We are spending more than we borrowed. New loans are granted but only to pay old debts. In addition, they force us to readjust our economies, decrease consumption -- to force people to eat less and less, to decrease the minimum salary which means that they will earn less -- to safeguard those resources that are needed to pay back the foreign debt.

Therefore, I think that by making these decisions, as Peru did previously and Brazil has now done, and as I believe many other countries will surely do in the near future, we are leading the way to break the foreign manipulaton of our economies that imposed on us economic programs in exchange for the approval of credits that are only used to pay old debts.

The handling of our economies in this manner is what is called imperialism. This is a term no one should fear because it means the prevalence of the economic power of the wealthy, be it through the use of arms, money, or granting of credits, which forces us to live and think in a certain manner.

As democrats and socialists, our goal is to make our economies, our consciousness, our education, and our cultures independent of these world powers that make us second-rate citizens, that impede us from exercising our rights as human beings.

I believe that Peru and all Peruvians must be proud of this bloodless revolution taking place throughout the world which goes beyond the will of government leaders. This is brought about by the situation itself. No country is in a position to pay its foreign debt; the people do not tolerate old economic policies; or the payment of certain amounts that must be invested at the domestic level. This is compelling governments to make certain decisions, to cease payments to world powers and to the large international banking sector.

You are asking me if we have a front, and I will answer you by resorting to an old phrase that is used in the Caribbean: Things are so bad that they cannot get any worse [las cosas estan bien de lo puro mal que se estan poniendo]. This means that we must be optimistic, that we will make important political decisions precisely because all the paths of debtor countries are being blocked and therefore, they will have only one alternative: to raise the banner of sovereignty and independence and tell rich countries: You will have to wait decades, wait many years. We will pay our debts because we are not irresponsible. However, we cannot do it now at the expense of our people. We cannot burden them the stigma of being social outcasts, jobless, and unemployed.

[Reporter] Sir, has your administration ever thought of declaring a total moratorium on the payment of the foreign debt?

[Garcia] No, it has not done so for two reasons. One of them has to do with ethics and principles. We have never said that we refuse to acknowledge the debt or that we will not pay. We have done this for an ethical reason. If I say: Imperialism and banks are to blame for everything, I am saying that I do not exist as a human being. We must begin by assuming our responsibilities. We, as a people, as a nation, as politicians and as human beings, have tolerated bad governments that have indebted Peru. Moreover, a large part of the debt has been invested in Peru either through bad investments in the purchase of arms, or through loans that have been granted to bad citizens who have bought dollars and deposited them in their accounts abroad. Therefore, we are also responsible for this situation.

We have not said that the rich and the powerful are entirely to blame for this situation. We have said that they are responsible for this situation just as we are. Consequently, we believe that the sacrifice and the effort needed to overcome this problem must be shared by the two sectors. This is an important thing to remember.

Therefore, based on this ethical principle both are responsible for this situation. This is the point of view that has been supported by the pope in a document the Holy See recently published, in which it discusses the ethical aspects of the debt, and states that there is coresponsibility in this regard. We accept this principle and we have been upholding it for the past 18 months. This is why we have said that we are going to spend 10 percent of our revenue to pay the foreign debt; this is why we have established a percentage. This does not mean we refuse to pay.

We are saying: reduce interest rates, improve payment terms, do not charge us all at once. Until this occurs, we are going to pay only a portion of our income. What is left, we will save as a kind of life insurance, to safeguard our domestic development. We have currency but it would be irresponsible and unjust to hand it over to banks. In exchange for what? Loans are not issued at the international level any more. If we hand over our currency we would be jeopardizing our safety.

There is a third reason that must be taken into account. There are countries like the Netherlands, with which we have just made a deal for seven ships. Half of the value of the ships was a gift, and the other half was a loan, with a 30-year payment term and a 1-percent interest rate. How could we not pay back this kind of cooperation credit? How could we not pay Italy, which is granting us a loan to begin the Cachi River Irrigation Project in Ayacucho and another loan with a 30-year payment term and a 2-percent interest rate to improve the shantytowns in Lima? This is not the same situation as when a bank issues a 1-year loan at 10 percent. These cooperation credits issued by friendly countries must be paid back.

We have just received an IDB credit with which to finish construction of the (Carhuajero Hydroelectric Plant). This is a great victory for the present administration because it involves a $70-million loan that had been held back for several years. The loan is essential to finish the power plant and to promote the development of the northern region. It must be paid back. But these loans are now being handled with a different point of view. They are not used to buy useless equipment, as was done in past administrations with the construction of large factories, or to buy the Mantaro and Pachitea River projects by which our country was robbed of $40 million; these loans are not used as they were before to make useless purchases. But these loans were contracted, and the problem must be resolved in some way.

[Reporter] Finally, Mr President how does Peru plan to use the 10 percent of its revenues that was allotted this year to the payment of the foreign debt?

[Garcia] This is decided in keeping with specific criteria. For example, Canada is helping us with cooperation credits. Therefore, we have to pay it back. The Agency for International Development, a U.S. agency, grants us long-term credits for food and makes donations to Peru. Therefore, we are making some small payments or [words indistinct]. We must be up-to-date with friendly countries and with international financial organizations, like the IDB, that are recommitting themselves to issuing more credits, which means that they are lending much more than what we are paying back for past credits. We are thus handling this on a day-to-day basis, and based on our relation with our creditors. But I trust in Peru, I trust in the poor, I trust in businessmen, in the middle class, and I trust that people will be able to understand the difficulties we face. We have overcome worse situations.

I trust that people will also realize that the decisions we have made were not insane, rash, or emotional, and that with its example, Brazil is telling us that Peru made the proper and necessary decision.

STREET RIOTS FOLLOW STUDENT RALLY IN LIMA

PY251820 Madrid EFE in Spanish 0236 GMT 25 Feb 87

[Text] Lima, 24 Feb (EFE) -- There were street riots in Lima today following a demonstration by students from the three Lima universities raided by police on 13 February.

Students from the San Marcos and Enrique Guzman y Valle Universities and from the School of Engineering confronted police in the vicinity of Plaza 2 de Mayo, in downtown Lima. Police used teargas and a water cannon to disband the demonstrators, who burned tires and threw stones at the policemen.

The demonstration, which was called by the rectors of the three institutions, was authorized by the office of the Lima prefect. Even though student sources said that the incidents were provoked by police, authorities noted that students tried to cross the boundaries of the area where the rally was supposed to take place.

Before the riots, the speakers demanded the resignation of the interior minister and the deputy interior minister, who have been blamed for the police raids on the three universities.

The student rally was also attended by lawmakers from the United Left, Peru's largest opposition sector, which has strongly criticized the raiding of the universities and which has charged that students were mistreated on that occasion.

Interior Minister Abel Salinas today reported the arrest of demonstrators during the incident, although he did not specify how many.

In downtown Lima early last week there was another confrontation between police and students who were protesting the university raids.

Salinas reported that some 120 of the 793 students who were detained at the three universities are still under arrest. The minister blamed the delay in the clarification of the detainees' involvement in terrorist activities on police and court personnel shortage. According to a recent Interior Ministry report, 20 detainees have been found to be involved in terrorism.

GUATEMALAN PRESIDENT MAKES SHORT VISIT 22 FEB

PY232136 Madrid EFE in Spanish 1641 GMT 22 Feb 87

[Text] Lima, 22 Feb (EFE) -- Guatemalan President Vinicio Cerezo today said that the main obstacles for reaching peace in Central America are the "intransigent sectors in both the United States and in the Central American countries which seek to use violence to find solution."

Cerezo made an official 12-hour visit to Peru, on the first stop of a tour that also includes Uruguay and Argentina. The Guatemalan president will explain to the government's "policy of active neutrality."

During a press conference held in Lima, President Cerezo said that the upcoming meeting of Central American presidents in Esquipulas (Guatemala) should not discuss another peace proposal but a document complementing the agreements of the Contadora Group (Colombia, Mexico, Panama and Venezuela).

Vinicio Cerezo defended the "success" of the Contadora Group because it's efforts eased tensions. He added that "the efforts made by Contadora are historic and must give concrete results."

The meeting in Esquipulas is scheduled for late April or early May. The five Central American presidents will participate because the meeting held 1 week ago in Costa Rica without the participation of Nicaraguan President Daniel Ortega did not produce major results.

Cerezo pointed out that during the meeting in Esquipulas the presidents "are going to discuss a document in line with the spirit of Contadora" and that his government is not going to make any new peace proposals "because it would violate our policy of active neutrality."

Regarding the foreign debt, Vinicio Cerezo indicated that this is not only a financial but also a political problem and that he supports "a new Marshal Plan to strengthen democracy."

Cerezo, who labeled Brazil's decision to suspend the payment of the interest on its foreign debt "historic," also said that debtors and creditors should unify their positions to reach "an agreement."

The Guatemalan president arrived in Lima last night accompanied by Foreign Minister Mario Quinonez, Congress President Ricardo Gomez, Economy Minister Lisardo Sosa, and Guatemalan Bank President Federico Linares.

Vinicio Cerezo was welcomed by Peruvian President Alan Garcia who decorated him with the Order of the Peruvian Sun during a reception.

Cerezo's arrival coincided with the closure in Lima of the Permanent Conference of Latin American Political Parties (COPPPAL) which was attended by delegations from 12 countries. The COPPPAL resolution on Guatemala labeled that country's neutral policies on the Central American conflict "positive."

The resolution added that "however, it is necessary that Guatemala start a process of national dialogue with all the social, political, democratic and progressive forces in the search for national democratization and to improve respect for human rights."

COLOMBIAN M-19 GUERRILLAS ATTACK BORDER POST

PY252044 Paris AFP in Spanish 1404 GMT 25 Feb 87

[Text] Lima, 25 Feb (AFP) -- A communique released today by police headquarters in the city of Iquitos in the Amazon region reported that a presumed commando of the Colombian guerrilla group M-19 attacked a Peruvian border police post, wounded an officer, and fled with six rifles and ammunition.

The attack occurred at post located on Rondona Island, between Leticia, a Colombian town, and Puerto Alegria, in Peru, 1,600 km northeast of Lima. Located near the post, inside Colombian territory, is a training camp for the M-19 guerrillas.

The officer wounded in the 20 February attack is a Republican Guard lieutenant. He was shot in the left arm and only today could be evacuated to Iquitos.

The communique adds that a Peruvian patrol was sent to find the attackers. Yesterday, the armed guerrillas were found; after a shoot-out they fled into the heavy woods leaving behind the stolen weapons.

DECISION TO PURCHASE INTELSAT EQUIPMENT CRITICIZED

PY241423 Lima Panamericana Television Network in Spanish 0200 GMT 23 Feb 87

[From the "Panorama Program" conducted by Roxana Canedo]

[Text] It was announced this week that ENTELPERU [National Telecommunications Enterprise of Peru] has decided to buy two transponders on a satellite with a life-span of only a few months from INTELSAT. This hasty decision was based on a questionable technical report that confused people about the purchase of transponders, which Peru needs to broadcast television throughout the country.

This purchase means that the state television network will not be developed within the next 2 years. Therefore, the idea that the present administration may interconnect all towns throughout the country via television during the present administration is unfounded.

Instead of renting a new BRASILSAT transponder, which is more powerful and currently available, INTELPERU is buying older, less powerful transponders. This means that in order to tune in the satellite signals transmitted through INTELSAT, Peru will have to install antennas costing about $80,000 instead of the $5,000 required to install the antennas that would be needed if INTELPERU decides to use BRASILSAT transponders, which have greater power and are directed at our area.

Undoubtedly choosing INTELSAT was not the best decision to achieve the prompt interconnection of all Peruvian towns in a television network. One hundred BRASILSAT antennas would cost $500,000, while the same number of antennas needed for INTELSAT signals would cost $8 million, and their installation would be slow and difficult.

In sum, this means that with BRASILSAT we will be able to develop a national network immediately, while we will not be able to do so with INTELSAT.

The technical report which alleges that it is urgent to buy the transponders in the short term, states that there are only two transponders available on the INTELSAT, while it ignores the fact that the BRASILSAT transponders are more modern and powerful.

There is still time to amend this costly and hasty mistake, which if implemented will mean that the majority of Peruvian town will be without television for the next 3 years.

Let us not regret tomorrow what we might do right today.

BRIEFS

HARD CURRENCY RESERVES -- Central Reserve Bank president Leonel Figueroa on 24 February said that the Peruvian net reserves stand at $1.7 billion, adding that this amount is enough to pay for Peruvian imports over a period of more than 7 months. [Summary] [Lima Television Peruana in Spanish 0100 GMT 25 Feb 87 PY]

LUSINCHI CONTACTS ALFONSIN, SARNEY ON DEBT

PA250412 Caracas Television Service in Spanish 0000 GMT 24 Feb 87

[Text) President Jaime Lusinchi today talked with Argentine President Raul Alfonsin and Brazilian President Jose Sarney and exchanged information and opinions with them regarding the foreign debt problem. He expressed our solidarity and determination not to allow servicing the public foreign debt -- which in the three countries bears the common characteristic of having been inherited by the incumbent administrations -- to dash our people's legitimate aspirations of achieving economic growth and social well-being.

They also exchanged views on the need for the international financial community to realize that we are willing to fulfill our commitments -- with the understanding, however, that we cannot become net exporters of capital, and that we need capital to guarantee us a financial flow adequate to achieve economic growth and social progress.

The presidents instructed their respective ministers to keep in permanent contact, following the course of events, and to take steps within the framework of the Cartagena Consensus to join efforts in keeping with each country's particular characteristics so that individual negotiations will adhere to the general stated principle that what is most important is not to sacrifice the well-being of their peoples.

Along these lines, our finance minister, Manuel Azpurua Arreaza, will remain in contact with the Argentine economy minister and the Brazilian finance minister.

AMBASSADOR TERMS RELATIONS WITH GUYANA 'GOOD'

FL260055 Bridgetown CANA in English 2230 GMT 25 Feb 87

[Excerpt] St Georges, Grenada, Feb 25, CANA -- Venezuela's special ambassador to the Eastern Caribbean Francois Moanack says his country considers its relations with Guyana to be good, despite their unresolved border dispute.

"The relations between Venezuela and Guyana could not be better right now," he told reporters here.

Moanack said the border dispute, in which Venezuela claims the vast Essequibo region of Guyana, remained an issue but "we are working now under the basis of cooperation."

He said the two South American countries recently signed an agreement through which Venezuela is selling Guyana oil and purchasing bauxite from Georgetown.

He also said that Venezuela was cooperating financially with Guyana and providing training for Guyanese.

Moanack said both countries were waiting on the secretary-general of the United Nations to suggest a medium through which dialogue could take place to resolve the dispute.

The diplomat denied suggestions that Caracas had expansionist designs on the Easter Caribbean. [passage omitted]

ATTORNEY GENERAL ON ANTIDRUG CAMPAIGN WITH U.S.

F1251750 Mexico City NOTIMEX in Spanish 1336 GMT 24 Feb 87

[Text] Mexico City, 24 Feb, (NOTIMEX) -- Mexican Attorney General Sergio Garcia Remirez has asserted that Mexico is making great efforts, within its present financial and economic limitations, to improve the national campaign against drug trafficking. But, he added, there are serious obstacles in the binational campaign.

The official made reference to recent obstacles that came up during the joint campaign against drug trafficking and noted that due to the lack of the Attorney General's Office fleet is inoperative.

He said there were times in 1986 when it was impossible to use between 20 and 30 percent of the aircraft fleet to destroy poppy fields because of lack of maintenance, spare parts, and equipment. The fleet was large in theory, but inefficient on account of an American company that receives U.S. Government funds to provide maintenance.

He asserted that in order for the "pacific" operation to be effective, additional funds are needed besides those granted for the 1986 fiscal year. Garcia Ramirez explained that resources were assessed and the U.S. Government had expressed its willingness to provide additional financial support amounting to $1.5 million, the equivalent at the time of 1 billion pesos, however, that financial aid never arrived.

Nevertheless, the Mexican Government contributed the same amount that the United States did for the same operation.

He also made reference to the numerous, frequent, and systematic contacts Mexican and U.S. authorities have had which have helped to clear up misunderstandings and clarify doubts here and there.

During his meeting with the senators who make up the commission that examined the results and evolution of the campaign against drug trafficking, Garcia Ramirez also discussed the draft agreement and draft bill between Mexico and the United States on cooperation and assistance in criminal proceedings. He said that he believes it is a good idea to examine this draft agreement again before it signed to prevent mistakes or misinterpretations.

Garcia Ramirez also discussed the last meeting of the Mexico-U.S. joint commission held in Washington. The agenda included a joint review of the aims and actions of the campaign against drug trafficking, as well as of the draft agreement on criminal proceedings. It is unfair to say that Mexico, as a country, is to blame for drug trafficking, even though it seems fair and reasonable to say the Mexican criminals and criminals of other nationalities, in their capacity as criminals -- not as Mexicans -- should be held responsible or blamed for these and other problems, he said.

In conclusion, the attorney general stressed the need to revise drug trafficking treaties. He said the United Nations will revise the antidrug convention in June.

PRESIDENT ADDRESSES REGIONAL LEADERS AT MEETING

PA252224 Mexico City Red Nacional 13 Imevision Television in Spanish 1955 GMT 25 Feb 87

[Report by Humberto Mares Navarro]

[Text] President Miguel de la Madrid asserted today that the federal government is not trying to establish uniform policies to solve regional problems. The president said this when he inaugurated the first regional meeting of medium-sized cities and metropolitan areas at the National Museum in Mexico City.

[Begin De la Madrid recording] Decentralization of our national life implies a recognition of regional differences, the different living conditions of each federal organization, and each federal organization in the corresponding subregions. However, there are certain general tendencies. [end recording]

The president addressed approximately 100 municipal presidents from medium-sized cities and metropolitan areas, and said it is necessary to analyze short-term problems. Likewise, it is necessary to foresee long-term problems. The president said: Times of crisis are also times to predict and plan.

Mexico City Mayor Ramon Aguirre asserted that leaders have the responsibility to avoid anarchic urban development. He said that the struggle in an egalitarian society demands better urban living conditions.

Likewise, Tijuana Municipal President Federico Valdes delivered a statement on behalf of all the municipal presidents who attended the meeting. He said that mayors are worried because what happened in the federal district -- meaning uncontrolled growth -- may happen in their states. He said that the country's municipal presidents pledge to carry out municipal reforms for the community's welfare.

BRIEFS

COCAINE SEIZED -- In Tecate, Baja California, the Judicial Police seized 57 kg of pure cocaine with a value that surpasses 60 billion pesos. A private airplane carried the drug from Colombia to a secret airstrip in Sinaloa State and then a trailer took it to Tecate. Jose Luis Beltran Sasuate, Anibal Hurtado Valdariaga, Ezequiel Meza Gutierrez, and Miguel Soto Gutierrez were arrested in connection with this. [Summary] [Mexico City XEW Television Network in Spanish 1300 GMT 21 Feb 87 PA]

DRUGS SEIZED; TRAFFICKERS ARRESTED -- In three different actions in Tijuana, Baja California; and Guadalajara, Jalisco, the federal judicial police arrested 6 men and a woman and confiscated 400 kg of pure heroine, 11.5 kg of marijuana, 2 pistols, and 2 vehicles. [Excerpt] [Mexico City EXCELSIOR in Spanish 19 Feb 87 pp 1, 3 PA]

MARIJUANA PLANTATIONS DESTROYED -- The Mexican Navy Operations Command yesterday reported that Navy infantry soldiers destroyed 236,500 marijuana plants in two towns in Nayarit State. These operations, which fall within the framework of the San Blas 10th Naval Zone antidrug campaign, were conducted in the villages of Las Lomas, El Sapo, and in the Vallejo Mountain Range. [Summary] [Mexico City EL NACIONAL in Spanish 18 Feb 87 p 6 PA]

TORRIJOS FOUNDATION'S 'STATEMENT TO THE NATION'

PA202252 Panama City LA REPUBLICA in Spanish 20 Feb 87 p 12

["Statement to the Nation" issued by Omar Torrijos Foundation dated February, 1987; signed by foundation president, Juan Materno Vasquez -- uppercase passages as published]

[Text] The OMAR TORRIJOS FOUNDATION has declared 1987 THE YEAR OF TORRIJIST REAFFIRMATION. Within this context, it convoked a round table on 13 February to pay tribute to OMAR TORRIJOS HERRERA on occasion of his birthday. The purpose of the event was to remember and reaffirm the struggle and ideas of this illustrious Panamanian, who gave his life in his unceasing efforts to achieve our national liberation. The highest expression of those efforts are precisely the Torrijos-Carter Treaties.

The specific subject discussed at the ROUND TABLE was the U.S. VIOLATIONS OF THE CANAL TREATIES. The lecturers were: Jose Maria Cabrera Filos, the deputy foreign minister; Carlos Velarde, member of the Panama Canal Commission's [PCC] Board of Directors; Journalist Luis Restrepo Rosas, an expert on the subject of violations of the Canal Treaties; Oyden Ortega Duran, former Panamanian foreign minister and current member of the PCC Board of Directors; and Romulo Escobar Bethancourt, chief of the Panamanian negotiating team for the Torrijos-Carter Treaties and current president of the Democratic Revolutionary Party [PRD]. They all agreed that ever since the treaties were implemented, the United States has in fact violated the letter and spirit of these treaties, and that the biggest violation was the enactment of U.S. Public Law No 96-70. The people who attended the roundtable supported the speeches delivered by the distinguished citizens, asking numerous questions.

From the speeches and the questions that followed, it was determined -- and we affirm that this reflects the general opinion -- that the public is concerned about the following situations:

1. The Foreign Ministry protests the violations of the treaties; however, it does not adopt a corrective policy.

2. The national government, specifically the president of the republic, is slow in issuing law and regulations on the best possible collective use of the reverted areas.

3. The executive branch is not acting diligently to fill the void in the number of Panamanian pilots.

4. The year 2000 is approaching and yet we have not defined policies for the integration of the Canal area. In addition, there have been replies to hints made by top U.S. government officials about the possibility of the United States retaining the canal.

5. Law 96-70 should be denounced as a spurious legal instrument within the context of the treaties, as well as a violation of the U.S. Constitution. A decision should be made to have the U.S. Supreme Court declare it unconstitutional.

6. Actions, more than words, are necessary to face and put an end to the gross and flagrant violations to the Canal treaties.

7. There has been a movement away from the aggressive foreign policy outlined by General Torrijos to internationalize the canal problem. Instead, bilateral, almost secret, talks lacking nationalist spirit have been adopted.

THE BOARD OF DIRECTORS OF THE OMAR TORRIJOS FOUNDATION, recalling the Torrijist sentiment on the need to face the problem of the violations of the Canal Treaties, and in view of the expressed intentions of the other party to not comply with the delivery of the canal following the expiration of the treaties on 31 December 1999 in full operational condition:

DECLARES: that it is necessary for all Panamanians, regardless of political differences, to strengthen our national unity to demand faithful compliance with the Canal Treaties.

ACCUSES the country's regressive sectors of pursuing their selfish interests by going along with U.S. officials who are trying to foment a policy contravening the agreements.

RECALLS that General Omar Torrijos Herrera was aware that his work was not finished, and that it is our duty to complete it, ensuring for the generation of the year 2000 the possession of this heritage that constitutes our main natural resource.

STRESSES to the president of the Republic, as the first magistrate of the nation who is directly responsible for our foreign policy, that the government must define an aggressive policy both to protest the violations of the Canal Treaties, as well as to propose before the competent institutions the legal means to correct those U.S. infractions.

URGES all real Torrijists to engage in actions to create social motivation within their respective communities, to face the serious dilemma confronting our homeland, which could be deprived of sovereignty over its main natural resource.

OMAR LIVES

On behalf of the Board of Directors: Juan Materno Vasquez, president of Panama, February 1987

PRD PRESIDENT ACCUSES U.S. OF BANK INTERVENTION

PA241938 Panama City Circuito RPC Television in Spanish 1730 GMT 24 Feb 87

[Text] Democratic Revolutionary Party [PRD] President Dr Romulo Escobar Bethancourt repeated at a news conference this morning that the PRD will take part in the 1989 elections allied with another party, on the understanding that the main candidates must be PRD followers. Escobar Bethancourt referred at this news conference to the topics discussed at the recent Lima meeting of the Conference of Latin American Political Parties, the PRD's stance on the possible price hike for gasoline, the educational reform proposals, and other topics of national interest.

[Begin Escobar recording] There is a systematic campaign in the United States and in some U.S. companies to present the image that Panama's financial center is solely and exclusively for laundering money. This is the image they want to present. For what purpose? For the purpose of Panama giving in and accepting intervention in its banking system by U.S. officials; that it end banking secrecy, as a way of ending the financial center. If you as reporters make an in-depth investigation and go to our foreign office, you will find documentation on proposals made by the United States that practically amount to a request for direct intervention in our banking system. [end recording]

COSTA RICA

MADRIGAL COMMENTS ON NICARAGUAN PROTEST NOTE

PA252155 San Jose Radio Reloj in Spanish 1200 GMT 25 Feb 87

[Text] The Sandinist government of Nicaragua yesterday presented a protest note to Costa Rica concerning the meetings of the Nicaraguan Opposition Unity, UNO, leaders being held in San Jose. The Sandinists say that allowing these meetings and another one slated for 7 March is a violation of the neutrality policy.

As for the protest note, Foreign Minister Rodrigo Madrigal Nieto said that the note will be answered in due time, but that the groups opposing the Sandinist regime are free to hold such meetings that do not affect Costa Rica's neutral policy.

Concerning the protest note, Foreign Minister Rodrigo Madrigal Nieto said that the Sandinist hierarchy is in favor of the law of the funnel -- that is, a one-sided law. He explained this statement by saying that the Nicaraguana rulers use the wide mouth of the funnel to serve themselves, and the narrow one for the rest of the people. He added the Sandinists forget that they themselves made use of that same right in Costa Rica to the point of murdering a Civil Guard in Alajuela.

EDITORIAL CRITICIZES AID, IMF REQUIREMENTS

PA242222 San Jose LIBERTAD REVOLUCIONARIA in Spanish 13-19 Feb 87 p 4

[Editorial: "A Government With No Dignity"]

[Text] Deputy Finance Minister Rebeca Grynspan and Planning Minister Otton Solis have reported to the country two express orders from the IMF and AID, to which the government has immediately agreed.

First, the IMF has told the government that if by 1 May the so called "tax package" has not been approved, there will be no possibility of signing an agreement with this international organization, which means that the Arias administration will get no more credits from the banks that operate with the IMF.

There has not been any protest from the president or the chiefs of the Finance Ministry. On the contrary, they have agreed to the stipulation and, anticipating that the tax package may suffer delays or not be approved, the Finance Ministry has already prepared a "contingency plan." The plan basically seeks to obtain the same sum of money that the government expects to collect with the tax package by creating taxes through other methods and eliminating services to the detriment of the majority. The government is willing to do anything to avoid awakening the anger of the IMF sinecures.

Planning Minister Otton Solis has told the media that the AIDF had imposed five requirements on the government as a condition for $16 million of the so called PL-480 plan, through which the government buys wheat in U.S. markets.

What does that U.S. Government agency want from the Arias administration in exchange for the $16 million? First, they want a new criteria to be established for setting wheat prices to incorporate at least the cost of acquisition, transport, handling, and administrative expenses. In sum, AID would be forcing an increase in the price of wheat, which undoubtedly means an increase in the price of bread.

AID has also requested the completion of the Canas-Upala road before 30 June 1988; of 50 community development programs in Guatuso, Upala, Los Chiles, San Carlos, and Santa Cecilia de la Cruz before 30 April 1988; and that a minimum of 1,000 property titles be provided to squatters located in several parts of the northern area. AID has also asked that the corresponding state institutions coordinate and establish the policies and procedures for exports in the agricultural and farming sector and that by 31 March of this year a plan to protect vegetable products be ready, particularly regarding the extermination of the Mediterranean fruit fly, which affects mangoes and papayas exported to U.S. markets.

It is a shame that in exchange for a few dollars a foreign organization meddles so shamelessly in our country and orders us around. It is even more shameful that this causes not the least bit of indignation of those ruling the country. On the contrary, very solicitously they are ready to implement these requirements.

Again, AID's particular interest in the norther region of the country is obvious. In 1983, under instructions and with funds from AID, the so called "northern region development plan," was started. The goal is to construct 152 kms of road from Santa Cecilia, in La Cruz, to San Rafael de Guatuso, and some adjacent roads.

The result of this plan, allegedly for the benefit of the peasant communities in the region, is modern communication means where even helicopters can land. [sentence as published] The military purposes are obvious.

AID has now demanded that the first road be complemented with the construction of the Canas-Upala road.

These recent facts, reported by high ranking government officials, cause anger and shame among honest Costa Ricans.

The IMF envoys and AID agents in our territory are ruling here in Costa Rica. Today, as in 1856, we have to raise the lighted torch to expel the new filibusters and put the reins of government in the hands of the authentic inheritors of Juan Mora and Juan Santamaria. Workers and Costa Ricans with patriotic conscience will never obediently agree to foreign impositions.

EL SALVADOR

CHURCH DECLINES MEDIATOR ROLE IN FORUM

PA221925 San Salvador Canal Doce Television in Spanish 0300 GMT 21 Feb 87

[Excerpt] Today, Msgr Gregorio Rosa Chavez said that the church will not serve as mediator to allow the entrance into the country of the FDR-FMLN representatives to participate in the forum planned by the National University.

[Begin recording] [Reporter Alfredo Villarreal] San Salvador Auxiliary Bishop Msgr Gregorio Rosa Chavez termed as fruitful the first episcopal conference held on 3 February in which eight Salvadoran bishops analyzed the situation of the church and people in general, taking into account the national crisis. Rosa Chavez termed -- within the conference guidelines -- the recent political events as marked by emotion, where the most needy classes get the worst part.

[Rosa Chavez] It is legitimate for each group to try to defend its interest. That is legitimate. However, there must be a condition that there should be a higher interest, the interest of the fatherland. We have expressed this idea many times, and today we again want to emphasize it. Thus, we want to say that those higher interests mean searching for a more human, fraternal, and just society. Those are the three characteristic that we believe the new society that everyone talks about should have. Therefore, we believe that our most humble people many times do not feel truly respected and favored; rather, they feel that they are being used by one side or the other.

[Villarreal] Rosa Chavez added that the church proposal regarding new talks between the government and guerrillas has been misunderstood by some sectors who have said that there is a lack of coordination between the parties and the church as mediator.

The church seeks in particular to bring the parties in conflict closer based on a dialogue, Rosa Chavez said. He affirmed that as a response to the request to the church to protect the entrance into the country of guerrillas representatives invited to the National University anniversary, the church will not participate in any tactical movement.

[Rosa Chavez] We must be happy with the nonpolitical initiatives, with true national interest. However, we cannot lend ourselves to participating in doubtful initiatives or those that are clearly contrary to the spirit that we want to project to the country. We have no interest in a further polarization of the situation; on the contrary, we want to bring the parties closer. However, there are many initiatives that seek to polarize even if the facade looks different.

[Villarreal] Referring to a preacher who arrived yesterday in the country, Msgr Gregorio Rosa Chavez also criticized religious sectarianism and compared it to political sectarianism. [end recording] [passage omitted]

Rosa Chavez on 'National Debate'

PA251844 San Salvador Canal Doce Television in Spanish 0300 GMT 23 Feb 87

[Report by Joel Burgos]

[Excerpts] Monsignor Gregorio Rosa Chavez, the auxiliary bishop of San Salvador, has said that the national debate proposed by the church does not include the participation of the guerrilla fronts. In his Sunday homily, the Catholic Church prelate added that the idea of holding a national debate is envisioned at a different level in which the fronts cannot participate. This is because a necessary condition for participating is to seek what is best for the country. [passage omitted]

Archbishop Rivera y Damas, who acts as a mediator in the conflict, recently proposed a national debate, with the participation of the business and labor sectors and the government in an attempt to discover common points that could help overcome the crisis, a crisis now aggravated by the implementation of economic measures. In this respect, Rosa Chavez said that the FDR has sent a letter expressing its full support for the Catholic Church's proposal and its willingness to participate in what they call a national dialogue.

Following his homily, Msgr Rosa Chavez answered questions from journalists. He agreed with President Duarte, who has said that he favors a honest and sincere dialogue.

[Begin Rosa Chavez recording] I believe there are fundamental points in the presidential position. The first is that there should be no tactical dialogue. That is the first point. We agree with that position, which was included in our pastoral letter. We say this to the two parties involved. The second point is that it is necessary to make a public statement to the effect that violence will no longer be used as a method of struggle or to achieve power. I suppose this will generate an interesting debate, at the end of which we hope to have made some progress. This is our position at this time, which we are making public. Later, we shall see if there is anything else we should add. [end recording]

Regarding the humanization of the conflict, Rosa Chavez said that only the government side has responded. In this respect, Rosa Chavez criticized the attitude assumed by the guerrillas.

FMLN REPORTEDLY SABOTAGES VARIOUS ELECTRIC TOWERS

PA250439 [Editorial Report] Clandestine Radio Venceremos in Spanish 0200 GMT on 25 February broadcasts reports stating that sabotage operations have intensified in various points throughout the national territory against power transformers and electric towers. The station makes a "call to our people to take the necessary precautions, because sabotage against the electric system throughout the entire national territory will be intensified in the next few days." It adds that these actions are part of a campaign and in response "to violations of our airspace by U.S. Air Force aircraft."

The first report states that on 23 February a unit of the Rafael Arce Zablah Brigade [BRAZ] occupied a stretch of the Coastal Highway for 5 hours in the vicinity of (?El Corral) and blew up eight electric towers, leaving Intipuca and Chirilagua without electricity.

A second report states that on 23 February at 2000 a BRAZ unit "blew up six electric towers in (El Cacerin) Canton, Chirilagua jurisdiction. Also on 23 February, a militia unit blew up another electric tower in the vicinity of the Fidel Sanchez Hernandez turnoff, along the Coastal Highway."

A third report states that also on 23 February sabotage against electric power was carried out in San Miguel Department. Early in the morning, a clandestine guerrilla unit of the Commander Celia Northern Group "occupied a stretch of the highway joining Chapeltique and Moncagua in the vicinity of (Guadamoa) Canton, Chapeltique jurisdiction, San Miguel Department. Six electric towers were blown up, but the enemy never showed up."

A fourth report states that on (?24) February FMLN guerrillas blew up an electric tower south of Zacatecoluca and sabotaged two transformers and an electric tower in the vicinity of (El Punta) on the Coastal Highway, 100 m from an enemy position in the (Petatanos) Farm.

FMLN DENIES TRANSPORTATION STOPPAGE ANNOUNCEMENT

PA251940 (Clandestine) Radio Venceremos in Spanish to El Salvador 0200 GMT 25 Feb 87

[Text] Some radio stations reported on Tuesday that the FMLN had ordered a new transportation stoppage. We hereby clarify that this is not true; that is only gossip being spread around the Colonel Campos Canalla [play on words on Col Campos Anaya's name to call him a "despicable person"] in San Vincente Department, probably because he has some shady business deals and [words indistinct] to cover up Col Campos Canalla's shady deals. We wish to confirm that only through the FMLN's radio stations will we announce the orders for a transportation shortage.

GUATEMALA

SOVIET AMBASSADOR TO COSTA RICA ARRIVES ON VISIT

PA260337 San Jose Radio Reloj in Spanish 0100 GMT 26 Feb 87

[Text] Guatemala City -- Yuriy Pavlov, Soviet ambassador to Costa Rica, said today that the Soviet Union is willing to cooperate with the United States to seek peace in Central America. Pavlov began a private visit to Guatemala yesterday but he availed himself on the occasion today to meet with Guatemalan Deputy Foreign Minister Jose Luis Chea, with whom he exchanged viewpoints concerning the situation in the area.

Pavlov said that the Soviet Union fully supports the Contadora Group's peace efforts as the most practical and viable alternative to war in Central America. We are willing to cooperate in the search for peace; we are even willing to cooperate with the United States, the Soviet diplomat said to ACAN-EFE.

However, Pavlov said that he does not support the thesis that Central America is being used in the ideological and military struggle between the United States and the Soviet Union. We have no plans or interests in the area; we only want to live in peace, he added.

PRESIDENT CEREZO COMMENTS ON REGIONAL ISSUES

PM250909 Madrid DIARIO 16 in Spanish 16 Feb 87 p 14

[Interview with President Cerezo by Ander Landaburu in Guatemala City; date not given]

[Excerpt] [introductory passage omitted] [Landaburu] Does the apparent forced optimism following the meeting in Guatemala [between representatives of the EC, Contadora Group, and Central American countries] really reflect any achievement, any new step toward peace?

[Cerezo] Note that I believe that we took only a small step forward. But we moved forward, and I will point out some indicators. In the first place, the very radicalized stances expressed not only now but also at the OAS meeting by El Salvador, Honduras, and Nicaragua led on this occasion to two specific points of agreement which I believe are essential.

First, to revitalize Contadora. I believe that it is obvious that all the European governments came with a determination to support Contadora, which is vital from the viewpoint of regional policy, because we succeeded in going ahead despite the U.S. "visits" and all the attempts to reduce that support.

And second, a kind of specific backing was given to what I am still convinced could be the right method or means to approach and resolve the Central American problem -- the regional parliament.

We had not succeeded at any meeting since Esquipulas, which was a declaration of principles, in having all countries accept without misgivings that the parliament should be elected by universal suffrage and should be set up and institutionalized as soon as possible.

[Landaburu] Let us talk about this San Jose meeting. There are people who are annoyed about your presence there and who critize the fact that you, who maintain a policy of neutrality, should take part in a meeting from which Nicaragua is excluded.

[Cerezo] My first point is that nothing tangible for regional peace can be achieved without Nicaragua's participation, but my second point is that a reduction in the other groups' polarizing stance can be achieved if we and the Costa Ricans adopt a closer stance.

In any event, Guatemala is going there in order to achieve an aim of national and regional importance in its policy of neutrality.

I believe that it is essential to keep communications with Honduras, Costa Rica, and El Salvador open, because if we do not accept these countries' invitation, it is possible that we could keep the dialogue open with Nicaragua alone but close it with the other countries, and that would mean in fact that we would lose our stance of active neutrality.

[Landaburu] However, do you not believe, Mr President, that the San Jose meeting could be interpreted as a maneuver against the Contadora process?

[Cerezo] Look, it can be interpreted according to its results. That is, if, for instance, a decision emerges from it for us to opt out of Contadora, and then to conduct an exclusively Central American dialogue, this would be, of course, counter to Contadora, and would mean a loss of our neutrality.

Because our neutrality has three fundamental principles: support for Contadora as a Latin American initiative, unity among the five Central American countries, and dialogue with all parties.

[Landaburu] Have you noted in this respect any change in the Nicaraguan stance on the concept of democracy?

[Cerezo] Well, the signing of an agreement in which it is accepted that the Central American parliament should be elected directly by the people is indeed a change of stance.

There is also a very significant fact; first, the interest in accepting the opposition now, and second -- we must say this -- the fact that the opposition reached an agreement to which importance must be attached, because it ranges from the Communist Party to the Conservative Party and the Christian Party. The legal opposition's proposal is good and very practical, and acknowledges the state of affairs within Nicaragua. The indications allow us to believe that the Sandinist government will take it into account.

NEW DEFENSE STAFF CHIEF DENIES CONTRA LINK

PA250405 Paris AFP in Spanish 0024 GMT 25 Feb 87

[Text] Guatemala City, 24 Feb (AFP) -- Guatemalan General Oscar Caceres Garcia, chief of the Army General Staff, today denied any involvement in the diversion of weapons allegedly purchased by Guatemala in Portugal for the Nicaraguan "contras."

Caceres today assumed the office, replacing General Edilberto Letona who, according to reports, resigned for "health reasons."

"I had nothing to do with this matter of the weapons from Portugal," said the senior military officer, noting that "this whole thing is a maneuver to make Guatemala abandon its active neutrality."

He asserted also that he has not held any position from which transfers of weapons can be made because this falls within the purview of the president of the Republic as commander in chief or that of the defense minister.

According to reports by international news agencies, weapons purchased in Portugal, allegedly for Guatemala, under Hernandez' [as received] signature wound up in the hands of the contras.

Defense Minister General Hector Alejandro Gramajo said that Caceres was not responsible for any shipment of weapons and that investigations proved that he was "innocent." "No weapons have passed through or arrived here," the minister said.

Moreover, on rebel activites in Guatemala, Gramajo asserted that the guerrilla movement activity in Guatemala is minimal. "These are small groups of terrorists who wish to disturb the peace, and they remain active through ambushes and attacks," the official asserted.

Finally, he again reiterated the Army's loyalty to President Vinicio Cerezo Arevalo and said that any dialogue with the guerrillas will be approved by the military institution if the president so requests.

HONDURAS

AZCONA, HABIB DISCUSS COSTA RICAN PEACE PLAN

PA250245 Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 24 Feb 87

[Text] U.S. special envoy Philip Habib and President Jose Azcona have once again discussed peace in Central America. The U.S. diplomat went to the House of Government yesterday in Tegucigalpa. There he met with President Jose Azcona and Foreign Minister Carlos Lopez Contreras. The Honduran officials and the U.S. Government envoy analyzed all the regional peace alternatives and the latest peace proposal by Costa Rica which the presidents of Guatemala, Honduras, El Salvador, and Costa Rica had discussed earlier.

Yesterday, Foreign Minister Carlos Lopez Contreras said that the United States has its own views regarding the peace proposal by the four Central American presidents. Lopez Contreras spoke at the conclusion of the meeting. The Honduran foreign minister said that the U.S. special envoy to Central American wants to know Honduras' overall view regarding the Costa Rican peace plan.

Foreign Minister on Meeting

PA251630 Tegucigalpa Voz de Honduras Network in Spanish 1130 GMT 24 Feb 87

[Report by Julio Armando Valdes; passages within quotation marks recorded]

[Text] [Valdes] Yesterday Foreign Minister Carlos Lopez Contreras attended the meeting that President Jose Azcona held with Philip Habib, U.S. special envoy to Central America. We asked Lopez Contreras about the topics discussed.

[Lopez Contreras] "He arrived as part of his usual Central American tour to learn about the development of the peace initiatives; in this particular case, President Arias' proposal to the other three Central American presidents. As you know, this proposal was the object of talks last week by the four presidents who approved a document entitled "It Is Time for Peace." This document will serve as the basis for talks by the five Central American presidents within 90 days in Esquipulas."

[Valdes] Does the U.S. Government agree with this peace plan?

[Lopez Contreras] "Well, they have their particular viewpoint in the sense that the document stemming from the Costa Rican initiative is not a definite document; in other words, it has not been signed or approved by the presidents who attended the San Jose meeting. Instead, it has only been accepted as a base document for talks. In this sense, it is also valid for the Nicaraguan Government. It is obvious that there was no definite document because all the governments without exception had to be given the opportunity to make their contributions and express their opinion about the Costa Rican initiative."

[Valdes] What suggestions did Philip Habib make about the alternatives proposed in the Costa Rican plan?

[Lopez Contreras] "He wants to learn about it in more detail. The purpose of the visit was to hear the general view of the Honduran Government. He then went into detail about the specific points. He exchanged views on this with the Honduran president. Now then, one cannot enter into details because at this time there is just a general framework for talks, even though in the opinion of the Costa Rican Government, it is a concrete initiative. However, it was agreed in San Jose that it would simply be a document to hold talks. It obviously had Costa Rica's support, but the other three presidents just accepted it as a working document."

[Valdes] How does Honduras view Nicaragua's participation in the upcoming meeting in Esquipulas?

[Lopez Contreras] "Well, that is a desirable thing. In San Jose it was concluded -- and this is not a new Honduran position -- that a Central American solution requires the consensus of the five presidents. In other words, we did not go to San Jose -- at least from Honduras' viewpoint -- to tailor a suit which, in the opinion of the four presidents, would exactly fit Nicaragua. Instead, what is sought is an agreement on the basis of negotiations and a political discussion of the problems."

[Valdes] Has there been or is there pressure on the Azcona Hoyo govenment to accept this peace plan?

[Lopez Contreras] "I do not think so. I believe Honduras has always had its priorities very clear both in this effort that can be considered a Central American initiative within the Contadora framework, and in the lengthy process of negotiations at Contadora's initiative; in other words, when Contadora called the meetings. What happens is that each government must defend its own interests and it is very difficult to reach an agreement. Sometimes the interests are different and even antagonistic. Therefore, it is not easy to reconcile them. Naturally, we are grateful for Contadora's efforts. Unfortunately, they have yet to be fruitful. We hope that this new Costa Rican initiative will be fruitful in the Esquipulas meeting."

[Valdes] Habib talks about peace, but President Reagan continues to be allied with the contras. Did you talk about this regard to the peace document? The contras who are fighting cannot be ignored.

[Lopez Contreras] "Look, there are several questions that all governments are asking. The Costa Rican initiative proposes a dialogue of national reconciliation with the unarmed political opposition. On the other hand, it has been learned through various sources that the Nicaraguan Opposition Unity supports the Costa Rican plan. Obviously, so far as the internal Nicaraguan conflict is concerned, one would have to think that one of the difficult issues has disappeared. We will have to wait to see if this is so. If it is the situation of crisis and tension in Central America would be greatly simplified to make possible a negotiated solution."

NICARAGUA

OPPOSITION LEADERS MEET HABIB IN COSTA RICA

PA252021 Hamburg DPA in Spanish 1900 GMT 24 Feb 87

[Text] Managua, 24 Feb (DPA) -- Mauricio Diaz, secretary general of Nicaragua's Popular Social Christian Party (PPSC), has described his 22 February meeting with U.S. Special Envoy Philip Habib in Costa Rica as a means of providing a "perspective" about the situation of the Nicaraguan opposition parties.

Diaz pointed out that the meeting may have been a way for Habib to obtain information on Nicaraguan political forces in order to "restructure Central American policies."

The Nicaraguan politician said that he differs with Habib's opinion of the Nicaragua-United States problem, but at the same time the meeting "shows an interest" of the U.S. Government in learning about the parties that sponsored the peace proposal that seven Nicaraguan opposition parties presented to the Nicaraguan Government several weeks ago.

The meeting with Habib, which was requested by the U.S. official, "indicates a recognition of the existence of a parliamentary opposition and of the elections that created it."

Eric Ramirez, president of the Social Christian Party (PSC), also attended the meeting with Habib. However, Virgilio Godoy, president of the Independent Party, who had also been invited, did not attend, for unknown reasons.

Diaz criticized the Sandinist government for not responding to the peace proposal presented by seven Nicaraguan political parties. In it, they demand a broad dialogue and a cease-fire as a basis for ending the war that is tearing Nicaragua apart and that has been financed by the U.S. Government for the past 6 years.

Diaz pointed out that while the Nicaraguan Government has accepted the proposal of Costa Rican President Oscar Arias, and referred it to "Contadora," a similar proposal by the Nicaraguan opposition has been ignored.

Diaz stated that in the meeting Habib defended the present U.S. policy of force regarding Nicaragua, which is contrary to the opposition's peaceful solution.

Due to the seriousness of the Nicaraguan-U.S. crisis and the suffering of the people, peace is required for the socioeconomic development of the country, which is prevented by the increasing military actions supported by the United States.

Diaz stated that neither the Nicaraguan Government nor Special Envoy Habib requested that he act as an intermediary for a talk between Managua and Washington.

PSC President Eric Ramirez, who also met with the U.S. official, stated that they noted the need to democratize Nicaragua and end the war.

Ramirez said that both parties rejected the armed path as a means of ending the Nicaraguan-U.S. crisis, which is the cause of the war.

The two politicians have been harshly criticized by opposition leaders for the talks with Habib.

TUNNERMAN DISCUSSES U.S. AID TO CONTRAS

PA260414 Managua International Service in Spanish 2350 GMT 25 Feb 87

[Text] Carlos Tunnerman, ambassador to Washington, stated today in the U.S. capital that a suspension and not a moratorium, of the United States' financial aid to the counterrevolutionaries will allow us to overcome the Central American crisis.

Tunnerman issued the statement referring to the proposal presented by Republican Robert Mitchell, to establish a 7-month moratorium in the request for financial aid to the contras in 1988, thus allowing for the development of Costa Rican President Oscar Arias' peace plan. The ambassador said that Costa Rica's proposal is being analyzed by the government in Managua and added that the United States must adopt the Contadora Group's policy and withdraw its support for the contras, because this alternative has failed, since they will not win the war or defeat the Sandinist government.

CALDERON DISPLAYS SEIZED CONTRA MATERIEL

PA250041 Managua BARRICADA in Spanish 23 Feb 87 p 5

[Text] Juigalpa -- The largest military shipment seized from the enemy has been displayed. There are approximately 70 wooden boxes that contain thousands of rounds of ammunition, bombs, detonators, and jungle boots. The materiel is all new and most of it is U.S.-made.

"There are more boxes we were not able to bring because there was no room," Lieutenant Colonel Roberto Calderon, chief of the 5th Military Region, said. "We are still searching for some small packages that were blown away by the wind. We are waiting for the report on the search results."

"The actual value of the shipment is very difficult to determine. A pair of jungle boots costs $20, and there were approximately 60 pair. That part alone is worth more than $1,200. Who knows how much 20 cases of hand grenades, cases of RPG-7 rockets, or 1,200 rounds of .762 caliber ammunition are worth?"

"The materiel was exclusively for military use and almost all of it is U.S.-made," the military chief explained. "The rolls of slow fuse, the TNT sticks, and the detonators are used to blow up bridges and hit economic targets" which is one of the main goals of the enemy in this military region. The military chief went on to say that the other two enemy goals are to create a so-called southern front and seize the road that leads to El Rama.

Lt Col Calderon told the press that on 20 February at 0200 a DC-3 plane that flew in from the north, from Honduras, flew over the area of Lomas de Wasique.

In that area, troops of the Juan Gregario Colindres Battalion for Unconventional Warfare, who were on a special mission, waited for the plane. "The objective of the special mission was to prevent the supplies from reaching the Jorge Salazar Command, which is headed by the counterrevolutionary known ad Rigoberto," the military chief explained. A total of 14 white U.S.-made parachutes were recovered. Each parachute was made to hold approximately 600 pounds.

Likewise, among the cargo recovered "we found some packages that contained a total of 6 million cordobas," Calderon added. Calderon later announced that this money will be donated to the Combatant Support Regional Committee in Juigalpa.

Lt Col Calderon reported on some messages seized from UNO-FARN [Nicaraguan Opposition Unity-Revolutionary Armed Forces of Nicaragua] counterrevolutionary leader known as "Navegante," which were signed by CIA advisers. These messages mentioned some dates of previous supply drops. The messages also inform the mercenary forces of some military actions they must carry out.

In message Number Six, dated 9 May 1986, the advisers said the following: "Today another drop is scheduled in coordinates 4-62. Prepare good bonfires. Advise us immediately when you hear the sound of engines."

In another message they stated: "Have everything ready. Maintain hourly communication."

Calderon also read another message in which the advisers call the attention of the mercenary forces: "Because of lack of communication the plane did not make the drop. More responsibility necessary. Follow the instructions you receive and prevent mistakes that could be fatal." The message also asks the merecenary forces to confirm the coordinates, safety of the drop area, and visibility conditions.

Calderon said that 10 bundles in all were dropped.

A day after Hasenfus was captured the following message was sent: "Plane possibly downed yesterday. Rescue of crew top priority." On that same day another message was sent: "Evacuate pilot from plane. Rescue those men. Imperative." On the next day they said: "North American pilot in enemy hands. Abort rescue operation. Thanks for efforts made by the allies."

Regarding all these messages, Calderon said that "they are irrefutable proof that CIA specialists are directing the missions." Calderon added that an air drop is the only way to receive supplies in the area.

Jose Salomon Marinez Hernandez, a 17-year-old Costa Rican mercenary, was also presented to the press. Martinez Hernandez is from San Jose de Upala, Alajuela Province, Costa Rica. Regarding the presence of two other Costa Rican mercenaries, he said that they stayed behind with ARDE [Democratic Revolutionary Alliance].

"I was told that I was going to work with the police. I was going to get paid here. Their [not further identified] morale is very low; they do not fight, and they do not have ammunition," the mercenary said. According to Martinez Hernandez he only participated in one combat, the same one in which he was captured. Martinez was recruited by contra leader "Torombolo" and trained at a camp located 20 km from the Nicaraguan border.

Calderon said that the mercenary was exchanged for a woman and fell under the command of "Mano de Piedra" an FDN contra leader. He was captured by our troops 2 months after crossing into the country.

In his military summary of the activities of the past 2 months, Calderon said that the enemy had suffered 287 dead, an unknown number of wounded, and that 30 contras had been captured. He added that "214 clashes have been reported, especially against a mercenary group that crossed the border in early January." Calderon concluded that "the EPS has taken the initiative 90 percent of the time. Their offensive activities have been greatly decreased and our situation is much better than it was 2 years ago."

U.S. 'FOCUS' ON CUBA 'TO DISTRACT' FROM 'CRISIS'

FL1250447 Havana Television Service in Spanish 0100 GMT 25 Feb 87

[Announcer-read report]

[Text] While Washington is in the middle of one of its worst political scandals in U.S. history, the Republican administration is attempting in vain to focus international attention on Cuba, according to observers attending the 43d session of the UN Human Rights Commission being held in Geneva, Switzerland.

Latin American sources participating in the Geneva meeting assured that the United states has chosen our country as target of a campaign on alleged massive human right violations as a result of the traditional aggression toward Cuba and the need to distract the attention of the White House's internal crisis.

HABIB'S CENTRAL AMERICAN TOUR EXCLUSIONS NOTED

PA251808 Havana International Service in Spanish 1800 GMT 24 Feb 87

[Text] U.S. special envoy to Central America Philip Habib concluded today his official activities in Honduras. He will now depart to El Salvador, which is the last stage of his tour through Central America, which excluded Nicaragua and Guatemala.

The media has commented that they have not been surprised by this new exclusion of Managua during Habib's tour: however, they were surprised about the exclusion of Guatemala. They have linked this attitude to the declared neutrality that the government of President Vinicio Cerezo maintains in the regional conflict.

During his visit to Tegucigalpa, Habib met with Honduran President Jose Azcona, to whom he reiterated Washington's support of the controversial Costa Rican peace proposal for Central America.

CASTRO COMMENTS ON DRUG TRAFFICKING, GUERRILLAS

PA232001 Bogota Radio Cadena Nacional in Spanish 1700 GMT 23 Feb 87

[Text] Once again, the U.S. Government was the target of criticism from Cuban President Fidel Castro. In an exclusive report for RCN [Radio Cadena Nacional], Fidel Castro said that the United States is solely responsible for drug trafficking, as it is the largest drug consumer in the world.

In his statement for RCN, Castro said that the United States should indemnify Latin America for the damage it is causing.

Fidel Castro also referred to Cuba's relations with the Colombian guerrillas, stating that these relations are eminently political.

Datelined Bogota, here is a report by Jose Antonio Jose Caballero: In an exclusive report for RCN, Cuban President Fidel Castro said that the United States is the only one to be blamed for the drug trafficking problem, adding that the United States should indemnify Latin America for the damage it is causing.

The Cuban leader stressed: They created the market and the drug consumption, and now they find it difficult to control it. He said that the United States wants to resolve the drug production problem with repressive measures. However, it must be resolved with measures for economic and social development so that no one on the continent will have to earn a living from coca or marijuana.

Castro told RCN that Cuba has adopted pertinent measures to fight drug trafficking, although the problem does not affect Cuba directly. He added that as a simple matter of principle, the Cuban Government fights all drug-related activities.

In another report from Bogota, Cuban President Fidel Castro said that accusations to the effect that the Cuban Government is a sanctuary for the Colombian guerrillas and even for drug trafficking are so ridiculous that they are not even worth a reply.

Castro noted that the Cuban policy toward Colombia during the past few years has been exquisitely cautious in order to not meddle in Colombia's domestic affairs. Castro added that it is a well-known fact that his country has broad relations with various political forces in Colombia.

In his statement for RCN, Fidel Castro said that there is no rush in the process to resume relations between Cuba and Colombia, because when this takes place those relations must have solid and firm foundations. Castro noted that the principle guiding Cuban policy in its relations with Colombia is to proceed calmly, with an eye on the future, continuing with the process so that when the links are restored, they will have a solid base. Castro told RCN that there cannot be any hasty steps in relations between the two countries. He stressed that his government is following with interest the developments in Colombia, a country for which it has great sympathy.

FURTHER CASTRO COMMENT ON BRAZILIAN MORATORIUM

FL250346 Havana Television Service in Spanish 0100 GMT 25 Feb 87

[Report on Fidel Castro chatting with Latin American diplomatic representatives in Cuba from countries which are cohosting, with Cuba, the canoe trip from the Amazon to the Caribbean; Castro shown surrounded by unidentified people and interviewed by an unidentified man; date and place not given -- recorded]

[Text] [Speaker] Mister President, from the political viewpoint, how important do you think this expedition is in terms of Latin American unity?

[Castro] I believe non-political things achieve better results. This is not a political event. If this were a political event it would have been very difficult to have gotten the interest and support of so many countries. It is supported by everyone because it is a cultural and scientific event.

[Speaker] Sometimes what is organized with one purpose really has a different one.

[Castro] It was intended to be a cultural and scientific event but it also has a political value as a symbol of Latin American cooperation and unity.

[Speaker] Do you think it can contribute to political unity?

[Castro] [Words indistinct] Many factors have to be involved. [passage indistinct]

[Speaker] Our correspondent in Brazil says it is of 90 days. [words indistinct]

[Castro] I believe it is of historic importance. I believe the step Brazil has taken [passage indistinct] whether it can renegotiate the debt or not, from now on debtors will have the last word, debtors will have the last word. [repeats himself] This is a historic turning point, in the history of world economy and of Third World countries.

[Speaker] Allow me to ask a question. Are you supporting the idea that Brazil is tipping the balance of Latin American countries?

[Castro] Well, Brazil is one of the greatest debtors. I always believed that this economic crisis was not going to be solved according to a set plan, I said this many times.

[Speaker] I remember.

[Castro] But this situation would appear as critical situations developed in one country or another. This would happen at the time one of the greatest debtors took decisive steps to put an end to the looting.

[Speaker] Argentina and Mexico are backing Brazil.

[Castro] It is too early to see how events will develop. I am absolutely convinced that it is impossible that any measure can be taken against Brazil, it is impossible [repeats himself]. I believe the industrialized, creditor countries cannot take retaliatory measures against Brazil. If they did, Brazil would have the unanimous support of all Third World countries. I am sure that they would side with Brazil in this battle, I am convinced. They will not be able to take any kind of reprisals against Brazil. I would say Brazil's battle is won beforehand because there is an awareness of all Third World countries, an awareness which has been shaped for years. There is a unanimous idea among Third World countries about this foreign debt situation. Brazil is a giant, a giant debtor in addition to being an economic giant because it is a large country. I believe that simply because of the fact that it is the biggest debtor of all and the fact that it had the courage to take this step, the country will determine the economic future of the Third World. What will the superpowers, the industrialized capitalist countries do now? In my opinion, they will try to put off the fire. They will try to put off the fire and find a solution.

[Speaker] They tried to do it recently in Paris.

[Castro] Anyway, no matter the results, no matter the future steps Brazil takes, a page has been turned in history. Because debtors will be and are the ones that are saying the last word on this foreign debt problem which is strangling the economies of the Third World. Brazil has taken this place in history because it took the decisive step.

I am certain that it will have the support of all the countries of the Third World, and of all the countries that are really concerned about humankind. I hope it will have the support of all the nonaligned countries, of the entire Group of 77, and of all Latin American and socialist countries. I also believe it will also have at least the understanding of many developed capitalist countries.

[Speaker] It is possible this subject will be discussed at the Georgetown meeting.

[Castro] Where?

[Speaker] At the Georgetown Nonaligned meeting.

[Castro] I believe it will be the most important subject of the Nonaligned meeting. For the time being we will struggle as much as possible to obtain complete support for Brazil.

[Speaker] There are a number of foreign ministers and personalities who will travel to Cuba on their way to the meeting or after the Georgetown meeting.

[Castro] Yes. I believe Brazil has already won the battle. This is my opinion. I have thought like this for a long time. Because Brazil had the courage and audacity of taking the first step in such a categorical way. It is going to acquire everyone's solidarity and support.

[Speaker] Does the Brazilian foreign minister's visit have a good omen?

[Castro] Well, there is a good omen for everyone, [laughter] all countries, and all exploited countries, all countries that suffered from merciless looting during the last years. Because we are not only talking about those debts, those enormous interests that were collected for many years and are still being collected but also about dumping [preceding word in English], unfair trade, and protectionist measures industrialized capitalist countries have applied against the interests of the Third World...

[Speaker interrupts with indistinct words]

[Castro] Against the interests of the Third World. So I believe the time has come to account for this and the time has come for the poor in this world. That is my opinion. Since you brought it up I gave you my opinion.

[Speaker] I am very grateful.

[Castro] My feelings toward Brazil and the people of Brazil are deepened from this time on and they were already good.

[Speaker] Thank you very much.

CASTRO RECEIVES ECUADORAN COMMEMORATIVE MEDAL

FL240342 Havana Radio Reloj Network in Spanish 0302 GMT 24 Feb 87

[Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers received tonight a commemorative medal of the canoe trip "from the Amazon to the Caribbean" which begins this week. Antonio Nunez Jimenez, director and creator of the 23-country-backed project, also presented the medal designed by Ecuadorean artist (Guayasamin) to the ambassadors of Argentina, Bolivia, Brazil, Ecuador, Mexico, Panama, Peru, Uruguay, and Venezuela.

Ecuadorean Ambassador Dr Manuel Araujo Hidalgo expressed the honor it was to receive Fidel in his embassy. He said Fidel continued the ideals of Latin American unity supported by Bolivar, San Martin, Juarez, Marti, and other patriots.

Nunez Jimenez's project will mark the 500th anniversary of the meeting of two cultures which will be commemorated in 1992.

CDR CHIEF VISITS GDR, LEAVES FOR LIBYA

FL252232 Havana Radio Reloj Network in Spanish 1915 GMT 25 Feb 87

[Text] Armando Acosta Cordero, national coordinator of the Committees for the Defense of the Revolution [CDR], left for LIbya today after a brief stopover in the GDR.

During his 24-hour stay in the GDR, the Cuban leader held a friendly meeting with National Front [NF] President Lothar Kolditz, in the course of which they exchanged views on domestic and foreign policy.

Acosta and Kolditz discussed the relations betweel the two countries' mass organizations, expressing their desire to continue expanding those ties.

REPORT ON OFFICIAL TALKS WITH PERU'S ALAN WAGNER

PA241554 Havana International Service in Quechua 0000 GMT 18 Feb 87

[Text] Peruvian Foreign Minister Alan Wagner met with the Cuban vice foreign minister [not further identified] who is visiting Peru. They discussed the upcoming Nonaligned movement meeting, which is to take place in Guyana. The talks were very cordial. Other topics discussed were the Central American problems and international political issues.

According to Peruvian Foreign Ministry reports, President Alan Garcia has been invited to visit Mexico. It is understood that the Mexican and Peruvian president will discuss among other things the foreign debt problem and the economic integration of the Latin American countries.

In response to reporters' questions the Peruvian foreign minister said that the three people who are remaining inside the Peruvian Embassy in Havana are not there under conditions of asylum, because they have never requested this, and because they do not qualify for asylum. Later, the foreign minister said that the Cuban and Peruvian Governments are holding talks on the subject.

Elsewhere, university students held demonstrations to protest police raids on several Peruvian universities. It was learned that thousands of students demonstrated to show their rejection of the police and the government in power. It has also been reported that the United Left Coalition is to request that the interior minister appear before Congress to explain the reasons for the raids.

HAVANA ON DIVISION IN CONTRA LEADERSHIP

PA191724 Havana International Service in Spanish 2300 GMT 18 Feb 87

["Note" feature read by Amalia Sanmartino]

[Text] Hi, friends; greetings from Havana. For the past 2 months there have been insistent rumors of major rifts within the Nicaraguan counterrevolutionary leadership. This is a matter of great concern to the Reagan administration, which is bent on supporting these groups at any price. On Tuesday, following undisclosed discussions on mismanagement of funds, counterrevolutionary chieftain Adolfo Calero resigned his post as a member of the directorate of the so-called Nicaraguan Opposition Unity.

Nicaraguan President Daniel Ortega very clearly stated that Calero's resignation is a U.S. ploy which seeks to make changes in order to get new aid for the counterrevolution. At times it is unbelievable that a government like the United States which seeks to portray itself as a champion of freedom all over the world should so stubbornly seek to support these bands which internationally are known to be immoral and, in fact, lacking in principles.

Recently, Frank Carlucci, President Reagan's adviser on national security matters, traveled to Central America. He visited counterrevolutionary camps stationed in Honduras and Costa Rica. This inspection visit was prompted by White House alarm over the differences among the mercenary groups and their inability, despite the huge aid that they are receiving, to defeat the forces of the Nicaraguan Government. At that time, U.S. Government officials said that Carlucci's trip was meant to pressure the bands to abandon Honduras once and for all and infiltrate Nicaragua. In sum, Carlucci went to prod the former Somozists to fight and justify the money which the Republican administration is so generously giving them. Moreover, also at that time, General Paul Gorman, retired, former chief of the U.S. Southern Command, hit the nail on the head when he said that the former Somozists are merely assault groups which are operating on the border and are unable to defeat the Nicaraguan Army.

The reorganization President Daniel Ortega was referring to becomes even more evident as the time to hand over $40 million out of the $100 million in aid approved last year in October is drawing near.

COMMENTARY ON SALVADORAN 'REJECTION' OF WAR TAXES

PA252252 Havana International Service in Spanish 2300 GMT 24 Feb 87

["Our America" commentary read by Norberto Hernandez]

[Text] The decision by the Supreme Court of Justice of El Salvador declaring unconstitutional the tax policy of the Jose Napoleon Duarte regime to finance the war, is a harsh blow that worsens the situation of contradictions and conflicts that affects the godson of Washington in the smallest Central American country.

Duarte and several military commands criticized the ruling. To that effect, the president argued that the taxes are vital for covering the fiscal deficit of the army that amounts to $24 million. On his part, Colonel Mauricio Vargas, chief of the Morazan Military Detachment, said that he was against the decision, because it seriously affects the Armed Forces.

The heavier taxes ordered by Jose Napoleon Duarte were widely rejected throughout the nation from the very moment they were promulgated. The workers, who are seriously affected by low wages, dismissals, and repressions, are not willing to finance the criminal policy. Although the oligarchs feel it is necessary to put an end to the guerrilla movement, they are not in favor of financing such a situation.

The difficulties for obtaining new funds to finance the war in El Salvador are increasing in Washington, even though Ronald Reagan feels that the only solution for that Central American nation is to destroy the people's movement. The war has cost El Salvador over $1 billion in property damage since 1980, while the Army has quadrupled its number of troops -- as it has been impossible to eliminate the guerrillas -- and has 52,000 men today for whom it spends over $100 million per year in weapons and other supplies.

The high military command's greed for money in addition -- of course -- to the government's unprecedented level of corruption increases the flow of dollars by the minute. For example, we must remember that El Salvador received considerable international assistance following last October's earthquake that caused over $1 billion in damages. Since then, thousands of Salvadorans are living in huts built with discarded material, while in the exclusive San Benito and Escalon neighborhoods in San Salvador one can see many expensive automobiles, and many of them are protected and covered by the tents donated for the victims of the quake.

There is one unequivocal sign that confirms Duarte is closely following U.S. orders: his refusal to hold a dialogue with the rebels. At the initiative of the rebels, there have been three rounds of dialogue that were openly sabotaged by the regime. The never-changing policy of the pro-U.S. regime is a further development of the so-called low-intensity war that takes a yearly toll of 3,000 casualties from the ranks of the Army, according to a recent report by THE NEW YORK TIMES newspaper.

The core of the problem is that Duarte is carrying out the war that Washington wants while military commands and government officials accumulate considerable amounts, as a result of the war budget and heavy U.S. assistance. The funds pass from hand to hand in such a manner that the AID office in San Salvador -- that spend $9 million per year -- publicly wonders where all this money is going. This explains the total rejection of the war tax promoted by Duarte that can be compared to a heavy burden that nobody in El Salvador wants to carry for various and sundry reasons.

HAVANA ON UPCOMING NONALIGNED MOVEMENT MEETING

PA221237 Havana International Service in Spanish 2300 GMT 20 Feb 87

["Our America" commentary read by Manolo Ortega]

[Text] Latin America and the Caribbean is the topic chosen by the Nonaligned Movement as the center of the agenda of the upcoming meeting of foreign ministers of this organization.

The meeting will be held in Georgetown, Guyana's capital. The selection is not by chance. The geographical zone in question is constantly analyzed by the nonaligned countries. At this particular moment, however, the area's political and economic storms are especially severe. For the Nonaligned Movement, an organization formed by a large number of the nations on earth, including numerous Latin American countries, stability in this part of the world greatly contributes to international security. Hence the constant concern so that the conflicts and tensions in the area can be met with adequate, irreversible solutions.

This action unavoidably clashes with U.S. interests. Washington considers Latin Amercia as its most direct zone of influence. In its desire for domination, the United States urges coups d'etat, encourages reactionary violence, executes military invasions, and tightens the economic noose at will. Of course, time does not pass by for nothing. The sole fact that 17 nations of the area have joined the Nonaligned Movement indicates a very definite determination for rapproachement with the rest of the members of an organization who share common problems, such as economic dependence and imperialist aggressiveness, to cite only two examples.

The nature of the problems that affect this region gives special importance to the Georgetown meeting. Some of the urgent topics to be discussed are, for example, the undeclared war that Washington is waging against Nicaragua, Ronald Reagan's sabotage of the Contadora Group's negotiation efforts, the growing U.S. military presence in the region in the most varied forms, and the turning of Puerto Rico into a nuclear enclave despite the agreements signed in the region to avoid the proliferation of atomic weapons.

Economically, Latin America faces a foreign debt greater than $380 billion and must pay annual interest to the tune of $40 billion. This load is aggravated as the result of protectionist measures adopted by the White House against the region's most important export products. Such a weight creates political and social instability and cannot be overlooked at the meeting of an organization that represents tens of millions of human beings pressured by misery, famine, unemployment, and the absolute lack of a future.

These aspects make us think that, without being extremists, the Guyana meeting -- scheduled for March -- will have to face strong U.S. pressures to avoid agreements that oppose Washington's interests in the area. Nevertheless, such a confrontation will be unavoidable if we assume that the harmful action of the U.S. circles of power are responsible for the serious problems that keep Latin America in a permanent crisis.

BRIEFS

MEXICAN SCIENCE AGREEMENT -- The final document of the ninth meeting of the Cuban-Mexican joint commission for scientific and technical cooperation has been signed in our capital by Hector Mayagoitia, director general of Mexico's National Council for Science and Technology, and Ernesto Melendez, minister president of our country's State Committee for Economic Cooperation. [Text] [Havana Radio Progreso Network in Spanish 1200 GMT 21 Feb 87 FL]

BANK GOVERNOR: DEBT MORATORIUM TO BE ADOPTED

PA221616 Paris AFP in Spanish 1519 GMT 22 Feb 87

[Text] Santo Domingo, 22 Feb (AFP) -- The Dominican Republic, which this year must pay some $700 million as amortization of its $4.2 billion foreign debt, will adopt "today, tomorrow, or soon" a decision similar to that of Brazil, of suspending all debt payments, including interest, Central Bank Governor Luis Julian Perez said today.

Referring to the terms of the partial negotiation of the Dominican debt made in 1985, Perez said: "The arrangements that were made to pay that debt can no longer be endured."

Former President Juan Bosch, chief of the Dominican Liberation Party, third electoral power in the country, today recommended to the authorities imitating the Brazilian example regarding the payment of the foreign debt.

"What will they do," asked Bosch, referring to the creditors. "Will they send the U.S. fleet to collect the debt and the interest as they did in 1916" (when the first U.S. invasion to the Dominican Republic took place in this century)?

The Central Bank governor also recalled that last year the country should have paid $1.05 billion in capital and interest and that this year it must pay $700 million, which is absolutely impossible because revenues from exports do not exceed $800 million per year.

Perez advocated an urgent agreement between creditors and debtors, but it should be a political agreement, he emphasized, because "the subsistence of the free world" is at stake.

He added that although there are many debts in the communist world, "they cover each other. Therefore, why can't we help each other?"

FOREIGN SECRETARIAT ON BRAZILIAN DECISION

FL251254 Santo Domingo Cadena Brea Pena in Spanish 1130 GMT 25 Feb 87

[Text] The Foreign Secretariat of the Dominican Republic has said Brazil's moratorium suspending interest payments on its foreign debt was expected and it is very possible that other countries may make the same decision.

According to the official organization, the countries that are in debt are in Latin America. Those who have had a reduction in their export products do not have many alternatives available. The Foreign Secretariat said the Dominican Republic is among those countries and it is possible that the Dominican Republic may have to adopt a measure similar to that of Brazil's in regard to its payments on its international commitments.

The Foreign Secretariat said that at the beginning of February Ecuador began a moratorium on its payments to the international banks and now it is Brazil's turn, and it is possible that other countries may have to follow the same course.

Dr Donald Reid Cabral, Dominican foreign secretary, has said that servicing of the foreign debt could be salvaged if the country's economic condition is taken into account.

GRENADA

PRIME MINISTER BLAIZE VIEWS ECONOMIC GROWTH

FL211831 Bridgetown CANA in English 1802 GMT 21 Feb 87

[Text] St Georges, Grenada, Feb 21, CANA -- Prime Minister Herbert Blaize says Grenada's economy grew by 4.3 per cent last year.

Blaize in his budget speech in Parliament yesterday said that the growth figure was based on preliminary data compiled by the Ministry of Finance.

He said the construction sector grew by 15 per cent, the hotel and restaurant business rose 10.2 per cent while the transport and communication field recorded a 10 per cent hike in growth.

Blaize said the number of new jobs created declined from 3,751 in 1985 to 3,692 last year due to the slowness in certain manufacturing enterprises coming on stream.

He added that on a brighter side prices fell during 1986 by 0.8 per cent compared with an increase of 1.8 per cent in the previous year.

There was negative inflation for the first time in several years due to the removal of certain taxes as part of a fiscal reform programme introduced in last year's budget, he remarked.

Blaize said the balance of payments registered a small deficit on the current account, which was largely financed by official grants and loans.

The prime minister said the performance of the key agricultural sector which was the main provider of employment and foreign exchange had a mixed performance last year.

Banana production was down to 17.9 million pounds, cocoa output fell to 3.6 million pounds, but output of nutmeg and mace rose by 16 per cent to 5.1 million pounds, he remarked.

The only bright spot of note was that the three sectors managed to fetch higher prices on the international market with those for nutmeg and mace being robust in particular, Blaize said.

On the tourism sector, the prime minister said 171,200 tourists came to Grenada last year. This was an increase of 20 per cent over 1985's figure of 142,700.

He said stay-over visitors increased from 52,000 to 57,300 and cruise ship passengers rose to 113,900 from 90,700. There were 80 more cruise ship arrivals on top of the 173 recorded in 1985.

Tourist expenditure amounted to EC72 million dollars (one EC dollar -- 37 cents U.S.) last year -- a 12 per cent hike over 1985.

The prime minister reported that the manufacturing sector experienced mixed fortunes in 1986.

He said soft drinks did well, animal feed showed some increases, while cigarettes and edible oils managed to stay positive.

Decreases were recorded for commodities and production of beer, malt, stout and soap deteriorated badly falling in each case by 10, 12, nine and 32.8 per cent respectively, he said.

Blaize stressed that operators in these industries together with those in the soft drink sector had complained of unfair competition from imported products.

The trade division of the Ministry of Finance is currently considering representations by the brewing industry for protection, he said.

According to the prime minister there was increased activity in all areas of construction with the housing subsector being particularly active and showing growth in real terms of 15 per cent over 1985.

He estimated that imports of building and construction materials for the first three quarters of 1986 were valued 21.7 million dollars -- 7.4 million dollars more than last year's total figure.

Blaize announced that the amount of money lent by commercial banks for mortgages rose from 3.5 million dollars in 1985 to nearly 16.5 million dollars last year.

There were 429 applications for permits to build new houses last year in comparison with 306 in the previous year, he added.

In the area of commerce, the prime minister said the majority of business firms surveyed considered 1986 an extremely good year with a considerable number of them realising profits.

NNP PARLIAMENTARIANS REAFFIRM SUPPORT FOR BLAIZE

FL241844 Bridgetown CANA in English 2333 GMT 22 Feb 87

[By George Worme]

[Text] St Georges, Grenada, Feb 22, CANA -- All but three of the parliamentarians belonging to Grenada's New National Party (NNP) government have issued a statement pledging loyalty to Prime Minister Herbert Blaize against a background of reports of in-fighting.

The statement was made available to CANA by the party's General Secretary and Communications and Works Minister Dr Keith Mitchell.

Mitchell said that those who failed to sign the statement were Labour Minister Dr Francis Alexis, Education Minister George Brizan, and Junior Minister for Legal Affairs Tillman Thomas.

Mitchell said that Alexis wanted certain changes made to the statement while Brizan wanted further discussions to take place before signing.

He stated that Brizan had first signed the statement but later decided to remove his name while Thomas openly refused to sign.

Some political analysts regard Alexis and Brizan as the leaders of a faction opposed to Blaize's style of leadership.

The statement by the MPs was issued against the backdrop of a recent report in a local newspaper calling for Blaize to step down "gracefully", blaming his leadership for division within the party.

The GRENADIAN VOICE claimed that members of the party had planned to secretly secure a majority vote among the parliamentarians to remove Blaize but the plot was aborted after news was leaked to the prime minister.

The last paragraphs of the statement read:

As individuals we will have differences of opinion in the application of policy. These are not differences of substance. once, however, a decision is taken, we have a collective responsibility to support it. We shall continue to do so.

We have not individually or collectively requested the prime minister to "step down", either "gracefully" or otherwise.

We acknowledge the prime minister's sagacity and he has our confidence. This does not mean that we would not disagree at times. We pledged on taking office to work for the good of Grenada, Carriacou and Petit Martinique.

We shall continue to honour that pledge and we expect the people of our land to support us in our endeavour to recapture the glory that was once ours.

It was signed by Ben Jones, Keith Mitchell, George McGuire, Danny Williams, Grace Duncan, Pauline Andrew, Felix Alexander, and Alleyne Walker.

HAITI

CONSTITUENT ASSEMBLY ISSUES ELECTORAL RULES

PA252103 Paris AFP in Spanish 1458 GMT 25 Feb 87

[Text] Port-au-Prince, 25 Feb (AFP) -- Anyone who has been charged with "torture, murder, or squandering public funds" in Haiti during the past 30 years will not be able to hold any government position or run for office unless they have been acquitted by a special investigative commission, it was announced here today.

The regulation was approved by the Haitian Constituent Assembly, which is currently drafting the new constitution. The assembly also advocated the creation of a 9-member Electoral Council to supervise the upcoming elections.

The Electoral Council members will be appointed by the government institutions, organizations for the defense of human rights, the journalists' association, and church representatives.

The new constitution will be subject to a referendum on 29 March. The local and municipal elections are scheduled to take place in July, while legislative and presidential elections will be held in November 1987.

JAMAICA

SEAGA REPORTS BUDGET FIGURES, EXPECTS SURPLUS

FL252242 Bridgetown CANA in English 2127 GMT 25 Feb 87

[Text] Kingston, Jamaica, Feb 25, CANA -- Jamaica is projecting its first surplus in 11 years on the current account of the national budget, according to the prime minister and minister of finance, Edward Seaga.

Government figures indicate a surplus of J589.1 million dollars.

Debating the supplementary estimates for the 1986-87 fiscal year, which closes at end of March, Seaga said current receipts should reach J4,373.8 million dollars, against expenditures of J3,784.7 million dollars.

Although spending had increased 97 million dollars, receipts were up J305 million dollars on the budget target. A rise of J135 million dollars to J1,490 million dollars in income tax collection contributed significantly to the hike in current account receipts.

A J5.8 million dollar budget with capital spending estimated at over J2.2 billion dollars as the government intended to prime the economy for growth.

However, government figures last week projected a J98 million dollar reduction in the overall budget largely because of cuts in multilateral and bilateral projects. Analysts here tied this to a slow down to external inflows because of Jamaica quarrel for the most of last year with the International Monetary Fund (IMF) for a new facility.

The Central Bank recently disclosed that net capital inflows in 1986 was down U.S. 223 million dollars due to a delay in aid inflows and higher levels of debt servicing. Growth of projected 5.5 per cent for the fiscal year at the time of the budget presentation has been scaled down to between two and three per cent.

BRUNSWIJK GANG MAKES BITAGRON AREA 'UNSAFE'

FL252155 Paramaribo International Service in English 1730 GMT 25 Feb 87

[Text] Members of the Brunswijk Gang are making the area near the Bitagron Bridge across the (?Tapanahoni River) unsafe. The passengers who use this bridge are being molested. The military authorities have called upon the population not to use this bridge. Bitagron is about 200 km south west from Paramaribo.

In the meantime, battling the gang has been difficult because of the fact that they use women and children as a shield. Such a situation arose Tuesday [24 February] in the neighborhood of the (Bigigado) Mines near Moengo which confronted military action.

Yesterday, Captain [name indistinct] of the Military Police informed the military attaches of the United States of North America, Venezuela, France, and Brazil about the situation in the country and about the activities of Army in the past few weeks.

PRIME MINISTER MEETS WITH STUDENT LEADERS

FL252229 Paramaribo International Service in English 1730 GMT 25 Feb 87

[Text] Prime Minister Wijdenbosch Tuesday [24 February] afternoon met with representatives of students of each high school in relation with the activities of the Armed Forces last Friday at the [word indistinct] one complex. According to the prime minister, provocations by certain students and members of the Armed Forces have escalated the situation. [as heard] The student representatives accepted his explanations but asked for guarantees to prevent the repetition. Prime Minister Wijdenbosch pointed at the responsibilities of the students towards society which should prevent them from taking irresponsible actions. He said he was always willing to solve existing problems through dialogue.

In the meantime, Mr (Lemus) of the insurance company (Internationale) is still in the custody of the military authorities. (Lemus), together with two others working for the insurance company [word indistinct] copied and distributed pamphlets. In these pamphlets, people were called to demonstrate against the government and the shortage of foodstuff. The two [word indistinct] workers have been sent home pending trial.

NETHERLANDS PAPER ON UNREST, ECONOMIC SCENE

PM251513 Amsterdam DE VOLKSKRANT in Dutch 21 Feb 87 pp 1, 7

[Unnamed "own correspondents" report: "Surinamese Demonstration Ends in Violence"]

[Excerpts] Amsterdam/Paramaribo -- Yesterday the military and the police took tough action against about 2,000 demonstrators in Paramaribo. The demonstrators, chiefly school pupils, had gone onto the streets to protest against the Bouterse regime, and the shortage in Suriname for the fourth day running.

Unlike the three preceding demonstrations which went peacefully, in yesterday's demonstration both sides used violence. Demonstrators threw stones at the police, who in turn carried out violent charges on the crowds. The official SNA press agency spoke of a "grim atmosphere."

Netherlands Foreign Minister van den Broek said yesterday that he is very concerned about the most recent developments in Suriname. In the Venezuelan capital of Caracas the minister said: "The Netherlands is involved in the situation there and would like to see the return of stability, calm, and prosperity. As a result, the developments of the last few months only produce a mood of sadness." He hinted that Venezuela could become involved in an initiative to find a solution to the Surinamese problem. "Together with like-minded countries, like Venezuela, we must continue to make efforts to achieve a positive influence on Suriname." [passage omitted]

Demonstrations began yesterday morning in the suburbs of Paramaribo. From these areas hundreds of school pupils marched to the center of Paramaribo. As a result of this action teaching was suspended in nearly all schools in Paramaribo. There were a few violent clashes between demonstrators and the (military) police.

Pupils of the school complex in the Zorg en Hoop district were chased onto the school's land and into the school building by the military and the police. An eyewitness said that the military had acted most brutally. He said that a young maroon was taken away by the military after he had been beaten up. Official sources have said nothing about arrests.

The majority of stores in Paramaribo were boarded shut. According to an eyewitness, looting nevertheless took place during the demonstrations. Yesterday market stalls and vehicles carrying food were also robbed.

Today, to a large extent, it will be possible to obtain bread, sugar, and cooking oil in Paramaribo. By order of the military electricity, supplies to the bread factory in Paramaribo have been restored and this makes full production possible again.

In the so-called Supreme Council, Army leader Bouterse has said that he will force through far-reaching measures in order to avert bankruptcy -- if necessary without the agreement of the political parties and other social partners. On the advice of the Central Bank, a package of reforms has been prepared and these are designed above all to limit imports and consequently to stem the outflow of the country's foreign currency reserves.

An important ban on a number luxury products will be announced. The price of oil products will be raised drastically while compulsory restrictions on the use of automobiles will be introduced. The already small amount of foreign currency allowed to people going on vacation abroad will be further reduced. Suriname's civil service apparatus is already expecting a drive to achieve savings in public expenditures and it is expected that this drive will cost jobs.

Only after a far-reaching cleanup of the national economy, combined with democratization and the restoration of human rights, will Suriname be considered for foreign loans. Suriname has been informed of this by the IMF, among others.